

**THE ROUTE FORWARD FOR THE U.S. POSTAL  
SERVICE: A VIEW FROM STAKEHOLDERS**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT  
OPERATIONS

OF THE

COMMITTEE ON OVERSIGHT AND  
GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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JUNE 24, 2025  
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- \* Statement for the Record, National Association of Postal Supervisors; submitted by Rep. Sessions.
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*The documents listed above are available at: [docs.house.gov](https://docs.house.gov).*

## ADDITIONAL DOCUMENTS

- \* Questions for the Record: Dr. Patel; submitted by Rep. Sessions.
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# **THE ROUTE FORWARD FOR THE U.S. POSTAL SERVICE: A VIEW FROM STAKEHOLDERS**

**TUESDAY, JUNE 24, 2025**

U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS  
*Washington, D.C.*

The Subcommittee met, pursuant to notice, at 1:07 p.m., Room HVC-210, U.S. Capitol Visitor Center, Hon. Pete Sessions, [Chairman of the Subcommittee] presiding.

Present: Representatives Sessions, Comer, Foxx, Palmer, Burchett, Jack, Mfume, Norton, Frost, and Randall.

[Audio malfunction]

## **OPENING STATEMENT OF CHAIRMAN PETE SESSIONS, REPRESENTATIVE FROM TEXAS**

Mr. SESSIONS. The United States Postal Service is working well and properly. The United States Postal Service has a number of important attributes about it. One of them is it resides in the Constitution of the United States. Second, it resides in law that has been provided and taken care of. But Number three, it has to meet the needs of the American people on an evolving basis.

For the past few years, we have been dealing with a Postal Service that, in coming out of COVID, has had a number of facts and factors that have influenced not only how it looks, but the service that it provides to people. As I became Chairman of Government Operations for Government Reform and Oversight [sic], I became acutely aware of the operations of the Postal Service that were moving down a pathway which was begun and led by the then-postmaster.

That postmaster, while he is no longer in service to this Nation, had a vision and a plan that, in my opinion, was not as well understood by employees or by the American public. And yet, he openly was willing to say, trust me, we are going to get there. And at some point, I believe that it became important that the American people and the industry, some \$40 billion worth of industry behind it, needed to understand not only where it was headed but how it was going to get where it was going.

In December, a full year ago, I landed in Houston, Texas, to take part in an exercise whereby part of what the plan was, was to move from flat paper or envelopes to boxes that would be handled by the Postal Service. They were evolving their business. As it

turned out, there was some 4-month delay in the practice of the Postal Service in the Houston general area. As I went to Sugar Land, Texas, to look at the operation, there were essentially some 100 or more 18-wheeler loads of boxes, letters, envelopes, mail that were stacked up. And the workers from the Postal Service were taking these off literally one at a time to go out of a mound that would have completely filled this room.

That was apparent to me that it was a plan by which a process that I call ready, fire, aim. And it was taking place across the country. We engaged the Postal Service. I will admit they were highly professional. They were very concerned about their obligation to the customer, and they felt like that they were doing as best as they could, given the circumstances.

Over the past year, we have continued to engage the Postal Service and their operations, and now we find ourselves where this Administration has accepted the resignation of the Postmaster General. I thank him for his service. He and I were friends, and we are still friends. But this is an operation that must find itself moving forward where more than just a few people understand what might be the direction. And there are lots of questions that abound in that effort. And those are things that, while we think we have some ideas about, we will engage the Administration, the new Postmaster General, on those ideas.

Today, we have gathered together groups of people that have specific ideas, ideas about the Postal Service, what they should look like, how they should operate, and where we might have ideas before we actually engage what is the new Postmaster General.

So, I want to thank the panel that is here today. I will announce who you are in just a minute. But I will tell you that the gentleman to my immediate right, Mr. Mfume, as the Ranking Member for this same Subcommittee, he and I work well together. He and I have attempted across government to look at the operation of government, the needs of the American people, and perhaps more importantly, tried to work together on answers that would lend themselves to making, as I say as an Eagle Scout, making our campsite better than the way we found it. It is still upon us to listen to experts, to listen to people not only in the post office and around the post office but also in what I call the free enterprise system.

So, Mr. Mfume, thank you for being here today. The gentleman is recognized for any opening statement the gentleman chooses to make.

**OPENING STATEMENT OF RANKING MEMBER KWEISI MFUME,  
REPRESENTATIVE FROM MARYLAND**

Mr. MFUME. Thank you very much, Mr. Chairman. Good afternoon. Good afternoon to all of our guests. Thank you for being here and making time.

I just have a brief statement. I am anxious to hear the testimony of all the persons before us, and I am anxious also to explore this topic for as long as we can.

I know that we have got a vote coming up. There is a privileged motion on the Floor, which I am told will be overriding the regular

business, so we may very well be called over there in about 15 to 20 minutes, and then, of course, coming back here.

But I want to thank you for calling this hearing on this important topic. I appreciate your interest, as always, in bringing us together for a thoughtful conversation about how the Postal Service can chart, quite frankly, a better path for the future under new leadership.

The Postal Service has an immense duty, as we all know, dating back to its creation because it powers communities and businesses; it keeps Americans healthy; it reinforces democracy; and it bridges geographical, economic, and cultural divides. Importantly, its universal service obligation ensures, as we all know, that we have equitable access to prompt, reliable, and efficient mail services, whether you, as some of my constituents do, live in a county or in the city of Baltimore. Maryland is like any other state. Our interest here is just as important.

With Mr. David Steiner starting his tenure next month as the 76th Postmaster General, this is our first hearing on the Postal Service since the departure of former Postmaster General Louis DeJoy, and I hope that Mr. Steiner heeds the call that comes out of this hearing that many of us continue to echo over and over again, that his Number one obligation is to protect the service that millions of Americans rely on to send and receive critical items, everything from financial statements and mail-in ballots to lifesaving medicines and personal letters. In doing so, it is my strong opinion that he must defend also against any threats to the service's independence and ensure that the Postal Service remains a public good.

President Trump has repeatedly questioned the independence of the Postal Service and, in my opinion, wrongly suggested that its privatization or its merging with the Commerce Department is a good thing. I think not. And despite the Postal Service being a self-supporting independent agency, I do not think it is in our best interest to cripple it any more than it has been crippled. It has been pulling itself up for several years now. Some of us agree with the process and some of the things that are part and parcel of it, some of us have not, but it is clear that it has got to remain independent in that regard and, in my opinion, never merged and never made to be a private entity.

So, to be clear, unilateral restructuring efforts would not only be, in my opinion, again, illegal, but could jeopardize the delivery of critical items, especially in rural communities and hard-to-reach areas where Postal Service serves as a lifeline to so many Americans. And, by the way, let us not forget that our Nation's first Postmaster General, Benjamin Franklin, advocated for the privacy of the mail but never the privatization of the mail.

So, a commitment to security and privacy that our former Postmaster General upheld after refusing so many attempts many, many, many years ago to thwart his efforts are somehow compared to what we see today by efforts to allow DOGE officials that have no experience with the Postal Service, no idea, in my opinion, of its significance to Americans, and no real willingness to look for a solution. We have got to fight the efforts by those persons that want to, again, change it in somehow or another and risk what we have seen so far.

Now, are there problems? There are. I mean, there are postmen out there who are still being set upon by criminals, who are being shot at, who have been stabbed, who have been robbed, who find themselves holding on with dear life to arrow keys, to protect those keys so that those individuals cannot go in and rob boxes of mail and hurt people in the process by stealing.

There are real issues in terms of converting the fleet that the Postal Service uses. We have debated that back and forth over and over again. And there are real issues in terms of delivery. What is going to be the standard delivery time, and what happens with respect to first-class mail and parcels? And do we have real goals going forward for the future in terms of making this service even better? That is what I have been asking a lot of people, and a lot of people have been asking me, then why are we paying more money for the same service? And some cynically say, why are we paying more money for an even worse service?

So, the Postal Service, I think, clearly has to be efficient, reliable, and stable. How we get there is not any one person's fanciful idea. I cannot pull an answer out of the sky and guarantee its success. But I think in having forums like this and discussions like this where we recognize everybody is not on the same page but where we are committed to making sure that everybody helps push toward a consensus is probably the best thing that we can do going forward as we try to remedy those frustrations and make it clear that the Postal Service in the United States is not for sale and will not be sidelined and will not be weakened.

So, Mr. Chairman, I thank you for the opportunity again to join with you as we try to find some answers to so many things that beset us. And again, I am glad that so many people have turned out to offer testimony today.

And with that, I yield back.

Mr. SESSIONS. The gentleman yields back his time. Thank you very much. Mr. Steiner, I am sure, will want an opportunity, as a savvy professional who has been in the industry, to hear some of the ideas that we will hear today.

And with that, I want to welcome the witnesses that we have today. I would like to give a brief introduction if I can.

Paul Steidler is a Senior Fellow at Lexington Institute. Mr. Steidler, thank you very much. Jim Cochrane is CEO of the Package Shippers Association. Mike Plunkett is a CEO and president of the Association for Postal Commerce. Tom Schatz is the president of Citizens Against Government Waste. Elena Spatoulas Patel is an assistant professor at the Marriner Eccles Institute for Economics and Quantitative Analysis at the University of Utah. And Brian Renfroe is president of the National Association of Letter Carriers. We look forward to hearing from each of you today.

And pursuant to Committee Rule 9(g), each of the witnesses will please stand and raise their right hand to be sworn.

Do you solemnly swear or affirm that the testimony that you are about give is the truth, the whole truth, and nothing but the truth, so help you, God?

[Chorus of ayes.]

Mr. SESSIONS. Let the record reflect and show that the witnesses, each of them, have answered in the affirmative. Thank you very much. You may now take a seat.

Please do recognize that the distinguished gentleman from Maryland alluded to a vote that is expected to be called in a few minutes. It is my idea that we will work through each of these opening statements. We will then head off. We will do, I think there are three votes, which means you will get a longer bathroom break, and then we will reappear about 10 minutes that I will announce after the last vote.

I now would recognize Mr. Cochrane for his opening statement. The esteemed gentleman is recognized.

**STATEMENT OF JIM COCHRANE  
CEO, PACKAGE SHIPPERS ASSOCIATION**

Mr. COCHRANE. Good afternoon, Chairman Sessions, Ranking Member Mfume, and distinguished Committee Members. It is an honor to speak with you about the future of the Postal Service.

For 250 years, the Postal Service has been connecting communities, facilitating commerce, and delivering vital information. I retired from the Postal Service after 43 years of service. The last 25, I was focused on the shipping business. I have an extensive knowledge of the shipping marketplace, e-commerce trends, ongoing technological advances in this space, and I leverage the opportunities created by e-commerce to drive revenue growth and profitability while at the Post Office.

Currently, I am the CEO of the Package Shippers Association, a trade association with over 70 years of helping shippers work with the Postal Service. My members represent a significant majority of all the packages delivered in the United States.

The Delivering for America plan, despite its stated goals, is pushing the Postal Service further away from its core mission of providing reliable, affordable, universal service. The current trajectory of the plan is failing to deliver promised financial results. While acknowledging the good intentions behind DFA, the plan is failing to meet the needs of the American people.

One mistake of the Delivering for America plan is this insourcing of workload, approaching a shipper using the Postal Service on a private e-commerce platform and moving them to a postal solution with lower pricing. The Postal Service reducing prices on existing packages that they deliver is irrational. Poaching customers from business partners is just bad business.

The Delivering for America plan appears to prioritize significant upgrades to processing facilities. In the long term, they are overbuilding processing facilities and in light of future volume forecasts instead of investing in modernizing the Postal Service last-mile capabilities. The last-mile network delivers to 166 million doors six days a week. It is a national treasure, and it should be protected and cherished.

The Delivering for America plan has created a widespread degradation of package delivery service performance. The changes unfortunately disproportionately affect rural communities and those in remote areas of the country. The Postal Service is often the only viable option for daily package delivery. And the delivery of pack-

ages six days a week must be at the center of all strategies for competing in the future marketplace.

Slower service in rural communities widens the digital and economic divide and undermines the universal service obligation. When service deteriorates, customers seek alternatives, and there are a lot of them out there, leading to reduced shipping volume and further revenue losses.

The DFA plan to achieve financial solvency is deeply flawed, resulting in revenue loss, increased operational costs, and misplaced investments. There remains insufficient transparency regarding the detailed financial models and assumptions underpinning the projected savings and revenue increases from the Delivering for America plan. A new vision must be implemented to quickly reverse the negative financial results.

To truly revitalize the Postal Service and ensure long-term viability, we must acknowledge the limitations of a purely government approach. A critical component of any new strategy must include public-private partnerships, particularly in the area where the private sector excels. The Delivering for America plan has been focused on middle-mile capabilities, which is the transportation of mail and packages between processing facilities. Partnering with established private carriers for middle-mile transportation could significantly reduce costs, improve transit times, and enhance overall network fluidity. This would allow the Postal Service to focus on its core strength, universal access and last-mile delivery, while benefiting from the optimized infrastructure and expertise of the private sector.

The pace of technological innovation in logistics is relentless. From software to advanced robotics, sophisticated tracking systems, analytics, private sector logistic firms invest billions of dollars to deploy cutting-edge technology. The reality is the Postal Service is struggling to keep pace. A public-private partnership could facilitate the adoption of best-in-class private sector technologies, enabling the Postal Service to modernize, enhance customer experience, and improve efficiency without the need to independently develop and fund the necessary technological advances.

It is time to focus efforts on the following. We really need to reverse the negative changes in delivery standard created by the Regional Transportation Optimization, a systemic slowdown of pickup and delivery at post office, especially in rural communities around the country. Explore new revenue streams by leveraging its unique network for last-mile delivery, and return to innovating and partnering with e-commerce platforms to generate increased revenue. Actively seek collaboration with the private sector, particularly for middle-mile logistics, software development, and cutting-edge technology.

In closing, I would like to welcome Postmaster General, David Steiner, for his new role. I look forward to working with him to grow the Postal Service in the shipping industry. I still bleed postal blue, and I want the Postal Service to remain a vital part of the American economy. The Postal Service is not merely a government agency, it is a vital public service, and the American people deserve a world-class Postal Service.

Thank you again for the opportunity to speak with you today, and I will take any questions you might have.

Mr. SESSIONS. Mr. Cochrane, thank you very much. Mr. Steidler, we are prepared for your opening statement. The gentleman is recognized.

**STATEMENT OF PAUL STEIDLER  
SENIOR FELLOW, LEXINGTON INSTITUTE**

Mr. STEIDLER. Chairman Sessions, Ranking Member Mfume, and Members of the Subcommittee, thank you for the invitation to participate in this important hearing. My name is Paul Steidler, and I am a Senior Fellow with the Lexington Institute, a conservative public policy thinktank in Arlington, where I have covered the Postal Service since 2017.

My message today encompasses three points. First, the state of the U.S. Postal Service is dismal and needs prompt, dramatic, and holistic reform internally at USPS and from Congress. By any basic metric, it poorly serves the American people and has fundamentally declined in recent years.

Second, while the core mission of delivering mail and packages at USPS remains and will remain important in perpetuity, USPS needs to be right-sized, that is, become a smaller and more efficient organization. The push by many to get USPS into new business lines where the primary motivation often seems to be to keep and expand government jobs, will do far more harm than good.

Third, the governance structure of USPS, specifically the U.S. Postal Service Board of Governors, is broken and cannot be repaired. It needs to be replaced.

Let me briefly review where things stand. In recent years, mail delivery times, which were already slower than in the 1970s, have gotten even longer. USPS claimed that within October 2021, degradation in service standards, allowing 39 percent of mail to be delivered a day later, there would be greater predictability in mail delivery. USPS never met those standards, and what has followed is not only gradual delays, but at times weeklong delays, as the *Wall Street Journal* and numerous other media outlets have documented.

Mail price increases have exceeded the rate of inflation, which hit its highest mark in 40 years. On July 13, the price of a forever stamp will rise another seven percent to 78 cents.

Financial losses and liabilities at USPS have ballooned. A notable exception is an accounting blip on USPS' net income from the 2022 Postal Service Reform Act in which Congress provided it with \$107 billion in financial benefits. Total direct government assistance to USPS since 2020 is \$120 billion. Yet, at the end of Fiscal Year 2024, USPS reported in its 10-K a negative net worth of \$32.6 billion. The Postal Service Reform Act, signed by President Biden on April 6, 2022, provided this \$107 billion in taxpayer assistance by forgiving defaults on retiree healthcare payments and transferring some USPS obligations to the already heavily burdened Medicare system.

Yet despite all this, USPS will run out of cash sometime before the 2028 election. USPS assured Congress through its 2021 Delivering for America strategic plan that if it passed the Postal Service

Reform Act and other modest steps were taken, it would be broken in Fiscal Year 2023. It never came close to hitting those numbers. It is disappointing that the nine outside members of the Board of Governors of the Postal Service, with the exception of Governor Ron Stroman, did not speak out or raise concerns about these developments. Postmaster General DeJoy had a well-intentioned, bold, and expensive plan that envisioned the Postal Service building out extensive infrastructure. It simply has not worked and should be halted. Instead, when Postmaster DeJoy announced his resignation, the board said it would continue on with this plan.

Basic reform steps, in addition to changing the governance structure, reducing staff, and ending the Delivering for America strategic plan, include investing USPS' \$249 billion in pension assets and its \$25 billion in retiree health benefit funds into a plain vanilla stock-and bond portfolio instead of strictly in government bonds. USPS employees' funds would be invested similar to how teachers' and state government workers' retirement plans work. USPS' Inspector General reported that, had this been done previously, the Postal Service would have \$1.2 trillion in additional investment gains.

Systematically assess the use of robotics and AI to improve operational efficiencies, as logistics and warehouse companies are widely doing.

Implement defined contribution retirement plans for new employees to begin reducing long-term liabilities.

Thank you for the opportunity to testify, and I look forward to your questions.

Mr. SESSIONS. Thank you.

Mr. Plunkett, we are going to have you give your opening statement, and then we will move to suspend until we have a chance to do the votes, then we will be back.

The gentleman, Mr. Plunkett, is recognized.

**STATEMENT OF MIKE PLUNKETT  
CEO AND PRESIDENT, ASSOCIATION FOR POSTAL COMMERCE**

Mr. PLUNKETT. 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.

I will say this is not my first time appearing before this Committee, but it is the first time since the untimely passing of Congressman Gerry Connolly, a tireless champion on postal issues. I was fortunate to have met the former Chairman [sic] on several occasions outside of the hearing room, and as a 30-year resident of Fairfax County, have personally benefited from his service both as my representative and a county executive in Fairfax. 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 to his colleagues.

Less than a month from today, the Postal Service will celebrate the 200th anniversary of its origin at the Continental Congress. Well into its third century, the 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 the Founders recognized the value of a universal communications network, but because it has adjusted as the needs of its customers have evolved over time.

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. Not just the national treasure is at risk, the Postal Service is also the center of a mailing industry that accounts for nearly \$2 trillion in annual revenue and employs more than seven million Americans providing jobs in every state.

The companies that I represent rely on the Postal Service to deliver magazines, prescription medications, bills and statements, catalogs, and essential business communications. Collectively, they account for billions of dollars in postage that funds universal postal service in this country. We depend on reliable, economical mail delivery and are invested in the long-term preservation and success of the Postal Service.

But under the Delivering for America plan, our members have suffered unprecedented rate increases and service degradation as the Postal Service records staggering losses and squanders mailer-funded capital on excess package processing capacity, even as Congress has provided billions of dollars in financial relief.

Fundamentally, the Delivering for America plan has elevated a narrowly defined measure of financial success for the agency above the interest 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, in fact, unwelcome.

We are encouraged by the selection of David Steiner as the next Postmaster General and hope that his background and experiences 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 delivery channel with opportunities to increase the value that it provides to U.S. residents and businesses.

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

More concerning still, in three weeks, the Postal Service is poised to increase rates substantially, with many commercial mail rates increasing by more than ten percent. The volume losses from such massive rate hikes will be compounded by reduced work-sharing incentives that will cause some postal facilities to be inundated with volume for which they are not prepared.

Expecting that the postal network could be gridlocked by 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 attached to my written statement. 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.

As I conclude, I want to make clear 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. My members 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 to remain an important fixture in American life for decades to come.

For the incoming PMG to have a chance of righting the ship, it is important that Congress and the Administration take all available steps to provide necessary support by, A, impressing on the Governors the need for a strategic pause in the Delivering for America plan; B, filling vacancies on the Postal Service's Board of Governors; and C, advancing legislation to address long-term structural issues that threaten the health of the postal system.

The Postal Service and mail can 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 dialog and commit the resources of our association and its members to support the Committee's efforts to improve our Nation's postal system. Thank you.

Mr. SESSIONS. Mr. Plunkett, thank you very much.

Pursuant to the previous order, the Subcommittee stands in recess, subject to the call of the Chair. We will convene 10 minutes after the conclusion of the vote series.

[Recess.]

The Subcommittee will come to order, and thank you very much for allowing us to attend the votes, a first series and then a second, a third vote, a fourth vote, I guess it was, and we have been advised that there may be another vote in order.

But Mr. Schatz, I am delighted that you are here, and we are going to proceed with testimony. The distinguished gentleman is recognized for 5 minutes.

**STATEMENT OF THOMAS SCHATZ  
PRESIDENT, CITIZENS AGAINST GOVERNMENT WASTE**

Mr. SCHATZ. Thank you very much, Mr. Chairman, Ranking Member Mfume. I appreciate the opportunity to testify before you today on the future of the U.S. Postal Service on behalf of the more than one million members and supporters of Citizens Against Government Waste and taxpayers across the country, consumers, businesses who rely on the Postal Service every day.

Citizens Against Government Waste was founded in 1984 by J. Peter Grace and Jack Anderson following the release of the report of President Ronald Reagan's Private Sector Survey on Cost Control, also known as the Grace Commission, as well as other waste-cutting proposals. To date, the CAGW has helped save more than \$2.4 trillion through the implementation of Grace Commission and other waste-cutting recommendations.

The Grace Commission report on boards and commissions and banking businesses had 39 recommendations on the Postal Service

addressing delivery, excess property labor costs, personnel, processing, and procurement. CAGW and our lobbying on the Council for Citizens Against Government Waste have made recommendations for reform on the Postal Service to the House and Senate, as well as in numerous blog posts, op-eds, and press releases.

The CAGW supported H.R. 3076, the Postal Service Reform Act of 2021, noting in a letter to Congress in February 2022 that, while the legislation did not address excess facilities, labor costs, and increased work sharing, it codified an integrated delivery network of packages and mail together six days a week. The letter cited the Postal Regulatory Commission's estimated \$15 billion annual cost of separate networks, along with new vehicles and tens of thousands of new employees, making it far more likely that the USPS would never become profitable and there would have to be a taxpayer bailout. The letter also supported the legislation's very important prohibition against non-postal commercial businesses, including financial services.

Unfortunately, promised improvements in the Postal Service's financial condition and core functions have not been delivered in large part due to the failed Delivering for America plan, which several witnesses have already discussed. It has fallen short of its goals, and repeated financial losses have continued, including \$9.5 billion in Fiscal Year 2024.

With the new Postmaster General, David Steiner, coming into office soon, it is a momentous time as the Postal Service will celebrate its 250th anniversary in July, but also a perilous time, given its financial condition. The Government Accountability Office has had the USPS on its high-risk list since 2009, which was the last time there was a quarterly profit of any kind, and called its business model unsustainable.

In my June 16, 2020, op-ed in *The Hill*, I made several suggestions for Mr. Steiner, which I also propose to the Subcommittee today. First, the USPS should make its top priority the continued delivery of mail and packages together six days a week to every address everywhere across America. No single company or group of companies matches the last-mile delivery that has always been made by the Postal Service.

Second, the Postal Service should increase its work with the private sector on processing, logistics, and transportation of mail and packages close to their final destinations. To achieve these overriding objectives and get the Postal Service back on the right track quickly, Mr. Steiner should immediately pause implementation of the DFA and make the following three changes.

First, there should be an immediate moratorium on spending billions of dollars on new processing facilities which are unaffordable and duplicate existing efficient private sector operations.

Second, there should be an immediate hiring freeze for all non-delivery positions, meaning exempting letter carriers, especially as mail volume continues to decline. Labor constitutes 80 percent of Postal Service costs, and rather than trimming the number of employees, Postmaster General DeJoy converted 195,000 positions from part-time to full-time.

Third, the misnamed Regional Transportation Optimization Initiative should be terminated. The USPS is cutting in half the num-

ber of times it goes to more than 24,000 post offices, mostly in rural areas, to pick up mail and packages. In January 2025, the PRC Advisory Opinion determined that the RTO had a negative impact on service, overstated its savings, and will fail to create a more efficient network.

For the sake of households and businesses across the country, the Delivering for America Plan must be halted and replaced with policies that will allow the Postal Service to revitalize its sagging fiscal outlook and continuing to connect communities with affordable and efficient delivery of mail and packages. That would be something to celebrate on its 250th anniversary next month, as well as America's anniversary in July 2026.

Thank you again for the opportunity to testify before you today. I look forward to answering any questions you may have.

Mr. SESSIONS. Mr. Schatz, thank you very much, not only for your testimony, but the specific enumeration that which you believe.

Dr. Patel, you are recognized.

**STATEMENT OF ELENA SPATOULAS PATEL, PH.D.  
ASSISTANT PROFESSOR, MARRINER ECCLES INSTITUTE  
FOR ECONOMICS AND QUANTITATIVE ANALYSIS,  
UNIVERSITY OF UTAH**

Dr. PATEL. Chairman Sessions, Ranking Member Mfume, and Members of the Subcommittee, thanks for the opportunity to testify today, and thank you for your attention on a topic that affects every household, business, and community in the country.

I am Elena Patel. I have a Ph.D. in economics from the University of Michigan, and I am an assistant professor in the Marriner Eccles Institute for Economics at the University of Utah.

I have studied postal markets both in the government and academia for more than a decade. Importantly, this testimony and these opinions are mine, and they do not reflect the views or positions of the University of Utah.

At the start, I want to say something quite clearly. I think the Postal Service serves the American public by providing universal mail delivery, but its funding model is broken. Congress can fix this by providing stable funding to preserve this essential public service for the long run.

Some basic facts are also important. The Postal Service is the largest mail provider around the world, connecting 166 million addresses across 3.8 million square miles. Its universal reach is not a convenience. It is a critical infrastructure. Mail delivery binds the Nation together, much like our roads and power grids, and by law, the Postal Service must do so affordably, reliably, and equitably, regardless of where people live or how much they earn.

This commitment, as we have talked about, is operationalized through the Universal Service Obligation, which requires 6-day delivery, uniform pricing, and a vast post office network that serves every community in the country. These obligations exist, whether they are profitable or not, and this is because they are rooted in the belief that everybody should have access to communication, commerce, and government services.

Unfortunately, its funding model is antiquated and insufficient. USPS is expected to operate without taxpayer funding, relying on mail and package revenue to sustain a universal delivery network. But first-class mail, the product that once funded this entire system, has been in long-term decline for nearly two decades, thanks to the rise of digital communication. Volumes have fallen 60 percent since 2009 and are projected to fall another 28 percent over the next decade.

Meanwhile, the cost of fulfilling the USO remain high and are growing. In just the last year, the Postal Service has added more than two million delivery points to its network, thanks to the robust growth of the American economy. Yet, the Postal Service has persistently struggled financially, losing nearly \$2 billion from its core operations last year. This is much more a structural problem than a managerial one, and privatization will not solve it. In fact, it would make things worse.

Private firms already operate in the most profitable parts of the market. A private operator would have no incentive to serve every address, offer uniform pricing, or maintain unprofitable routes. And countries that have privatized their postal systems have not been spared the same financial and operational challenges. In fact, in many ways their problems have been more severe.

What we need instead is a model that funds the public obligations that we have asked the Postal Service to meet. The Postal Regulatory Commission already estimates the cost of the universal service obligation roughly \$6.3 billion in 2024. Congress could provide a direct appropriation to match that cost, just as many European governments do.

Importantly, safeguards already exist to ensure that this public support would be used only for universal service and not to subsidize package delivery or distort competition. These safeguards have been in place since the 2006 Postal Enhancement and Accountability Act, and the Postal Regulatory Commission is well positioned to continue to uphold these standards.

The Postal Service can and should modernize, but it must do so in a way that protects universal access. This requires public investment in infrastructure, in innovation, and in the work force that makes this system run. The Postal Service has connected Americans for nearly 250 years. In an increasingly fragmented and digital world, that connective role is more important than ever. We should treat it not as a failing business, but as a public institution, one that delivers value far beyond what shows up on a balance sheet.

Thank you. I look forward to taking your questions.

Mr. SESSIONS. Dr. Patel, thank you very much.

Mr. Renfroe, we are delighted that you are here. The gentleman is now recognized.

**STATEMENT OF BRIAN RENFROE (MINORITY WITNESS)  
PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS**

Mr. RENFROE. Thank you, Chairman Sessions and Ranking Member Mfume, for the opportunity to bring the voice of the Nation's 295,000 active and retired city letter carriers who work at the center of our Nation's \$1.9 trillion mailing industry.

Unfortunately, I have to begin with a solemn note. On Saturday, June 21, Jacob Taylor, a letter carrier in Dallas, Texas, died while doing his job. And while the circumstances of his death are still under review, it is of course a heartbreaking loss that serves once again as another jarring reminder of the on-the-job hazards that letter carriers face every day such as crime, assaults, extreme heat, dealing with problems with infrastructure such as outdated postal vehicles, and other factors.

If the American people's mail and packages are to be protected, the people who deliver them must first be better protected. I urge this Subcommittee and all of Congress to do everything in their power to work with us to mitigate these risks by passing the bipartisan Protect Our Letter Carriers Act, which has been introduced in both the House and the Senate earlier this year.

One month from now, the Postal Service will celebrate its 250th anniversary. It is older than the country itself. Chairman Sessions mentioned in his opening, it is also rooted in the Constitution, and it is as essential as it has ever been to keep Americans connected.

The Postal Service has a long and successful history of reinventing itself. We are in the middle of its latest transformation under the Delivering for America plan. While it certainly is far from a perfect plan, it includes much-needed modernization of the processing and delivery network that was built decades ago for a much different mail mix than we handle today.

In addition, leadership at the Postal Service throughout the late 2000s and 2010s slashed mail processing capacity rather than modifying and modernizing it. Modernization is long overdue.

One of the primary challenges of such a transformation is maintaining and improving service while you modify a massive network. Service delays and disruptions are unacceptable, and more must be done to address these issues that continue and persist in some locations. But changes are necessary for the Postal Service to provide and improve the service that the people of our country need.

Some will suggest and have suggested radical changes, downsizing, returning to failed initiatives from the past that benefited seemingly everyone but the Postal Service, or even privatization of the services that we provide. As a letter carrier who knows the Postal Service inside and out, I promise you none of that is the solution. That mentality does not serve 169 million homes and businesses every single day.

When Congress seeks to make changes or understand the operations of the Postal Service, I urge you to come to us, the people who work within the system every day and are invested in the service that we provide to the American people.

In recent years, Congress has provided some help in our efforts to stabilize the Postal Service finances through bipartisan legislation, but two financial changes are still needed. First, the Administration should do what the Biden Administration failed to do and address the long overdue misallocation of pension liabilities between the current self-sustaining Postal Service and the pre-1971 taxpayer-funded Post Office Department. This accounting error has placed, by even conservative estimates, at least \$90 billion in unjust financial obligations on the Postal Service.

Second, Congress should pass legislation to allow the Postal Service to properly invest the hundreds of billions of dollars already set aside for retirement costs in higher yielding financial assets. These changes are practical, and they are fiscally responsible.

While my union has reservations about the Postal Service Board of Governors' selection of David Steiner for Postmaster General, this is larger than one individual or one leader. Guaranteeing that the Postal Service remains an independent, non-taxpayer-funded, non-partisan agency is key. We fulfill a universal service obligation that no other shipper does, could, or would fulfill.

If Congress wants to help the Postal Service, I urge you to do everything possible to protect letter carriers and all postal employees, implement these necessary financial changes, and guarantee the Postal Service remains an independent, non-taxpayer-funded, public service as it has for the last 55 years.

Thank you once again for inviting me to testify. I look forward to answering your questions.

Mr. SESSIONS. Mr. Renfroe, thank you very much. And to the panel, thank you for your thoughtful issues and ideas. We felt like it was important, both Mr. Mfume and myself. We have opinions also, but we tend to listen a lot to each other and tend to have not minor discussions. I think there are discussions that need to go places, but we have been trying to give unto the Postal Service and this Administration an opportunity to lead some way by showing that they had a plan, an opportunity to better it themselves.

At this point, and I would say this, Mr. Plunkett, you indicated one of the most important things is to pause Delivering for America, and you have an opinion about that. How long, if we were to pause, or seemingly, if someone did say we are going to pause that, what is the effort that then should take place, and how long should you wait? Because I think it has been discussed. This is a large industry. There are a lot of people who just cannot sit around and wait, but need to do the right thing. So, can you describe that scenario?

Mr. PLUNKETT. Thank you, Mr. Chairman. We certainly do not want the Postal Service to stop doing what it does, but we believe that the Postal Service was performing reasonably well before Delivering for America. And so, there are specific aspects of the Delivering for America plan that we think could be paused while the new leadership team is allowed to come in and do an assessment of the current state of the agency and what it needs to go forward.

Specifically, we think there should be a moratorium on rate increases. We think that discretionary capital spending should be halted. We do not want to stop any repairs or any necessary upgrades to postal facilities, but we do not think it is necessary to invest in massive new structures that may be redundant.

I also think that we should have a pause on any product changes, again, while the new leadership has a chance to come in and assess some of the changes that were made under Delivering for America plan, whether they have worked, and how they could be repaired if possible.

Mr. SESSIONS. Thank you. Anyone on the panel, are you aware of staffing levels in the country whereby they are, what I would say, out of configuration, out of whack with what should be, or are

we—and I am talking about overstaffing, not understaffing because I, too, have been to a post office. I, too, have waited in line. It is hard to make sure that all the timeframes equal the time of year when you might be doing it. I can think about tax time. I can think about Thanksgiving. I can think about Mother's Day. But do we have an issue, or does anybody have insight—perhaps, Dr. Patel, you do in your study—about we have people that are not busy, cannot be productive, post offices that should move away from their existence. I do not know the staffing levels. Can anyone talk to me about your viewpoint of staffing levels on the overstaffed side, not the understaffed side. I know most places I go to do not have enough people, at least at the door.

Mr. STEIDLER. Sir, Congressman, the Postal Service, at the end of 2024, had 533,724 employees. That is nine percent more than it had in 2014 of 488,000. This comes at a time when mail has declined in volume by about 1/3.

Also, a key metric for labor productivity that the Postal Service provides, or two factors of productivity, are the total factor of productivity and labor productivity. Those have both dramatically declined in the past three years. In fact, the Postal Regulatory Commission said that the decline in total factor of productivity in 2023 was the biggest since 1965. So, you have more people delivering less things than you did ten years ago, and you have labor productivity and total factor of productivity that are sharply declined on the labor side from a factor of 62.3 in 2020 to 54.2 last year. Those are big drops, and the source on that is the Postal Service itself.

Mr. SESSIONS. Mr. Steidler, thank you very much. Those are called facts of the case. Those are things that become apparent.

Yes, anybody else have any response to that? Mr. Renfroe.

Mr. RENFROE. Yes, Mr. Chairman, I cannot speak with any level of expertise about other crafts within the Postal Service. I certainly can speak about the members I represent, and among the 200,000-plus active city letter carriers I represent in all 50 states, Guam, Puerto Rico, and the Virgin Islands, I do not know of one single location where we are overstaffed. I know of many where we are understaffed for various reasons, but in terms of overstaffing—and should that result, we have provisions in our collective bargaining agreement to address that situation. So, we do not have that, and I represent the largest group of employees at the Postal Service.

Mr. SESSIONS. Thank you very much.

Mr. PLUNKETT. Mr. Chairman, if I may?

Mr. SESSIONS. Yes, sir.

Mr. PLUNKETT. I will just reinforce what Mr. Steidler said. According to my analysis, since 2015, the Postal Service has lost 28.2 percent of the volume that it handles, yet total employment is actually up by two percent.

And something I think is not given enough attention, there has been a shift in the Postal Service's volume. There is more shipping now than there is mail, or not more in aggregate, but a greater proportion is shipping, and shipping volume exhibits a much more pronounced seasonal pattern, and the Postal Service depends very heavily on full-time career employees, which may make it more difficult for them to do load balancing of resources, given the changes in their volume mix over time.

Mr. SESSIONS. Interesting. Anyone else?

[No response.]

Mr. SESSIONS. Thank you very much.

Ms. Norton, the gentlewoman, is recognized.

Ms. NORTON. Thank you, Mr. Chairman.

Since its founding 250 years ago, the Postal Service has served as a vital lifeline for Americans providing connections to our rural and low-income communities and lifesaving medications to our veterans and seniors. President Trump's statements about privatizing the Postal Service reflect a fundamental desire to undermine the ability of our government institutions to serve the needs of the American people.

Since January, we have witnessed attempt after attempt to destroy the ability of Federal agencies to deliver services to the public, and we cannot allow President Trump and the so-called Department of Government Efficiency to do the same to the Postal Services.

Dr. Patel, does President Trump have the power to unilaterally privatize the public service, and what are the harms of privatizations?

Dr. PATEL. I am certainly no expert in the legislative power versus the executive power over the Postal Service, but my understanding is, no, that would take an act of Congress to privatize the Postal Service, and I can say without a doubt that would be an enormous mistake. It is good economic sense to have a single provider of the Postal Service in a country as large and diverse as the United States. Other countries that have privatized their postal operators, my research has shown that they are not doing better financially. This has not been—privatization has not been the path toward stemming the bleeding, if you will, of first-class mail and letter delivery falling. That is the fundamental financial problem for the Postal Service and its funding model right now. And in Europe and other places where postal services have been privatized, you still have incredible declines in mail volume, and that is just because of digitization.

And so, what needs to happen is the Postal Service needs to modernize its operations, but maintain its network, maintain its last-mile delivery, maintain its universal service obligation so that everybody has access to these services in a public way, which is through a public postal service.

Ms. NORTON. I remain very concerned about the agreement former Postmaster General DeJoy signed with the Department of Government Efficiency, which is still in effect after his resignation. After months of being embedded in the Postal Service to reportedly identify and achieve certain efficiencies and cut costs, we still have no idea what department officials have done or recommended. Meanwhile, we have seen the department recommend major work force cuts across Federal agencies.

Mr. Renfroe, why is a strong work force critical to efficient and reliable Postal Service operations?

Mr. RENFROE. Thank you, Congresswoman. You know, the Postal Service, in its role as a public service, the work that the people and postal employees do is essentially everything that it provides. You know, whereas some places operate like business and produce a

product, the product we produce is service, and that service comes down to the people.

And I think the fact that postal employees, particularly the letter carriers that I represent, for many years have worked long careers, they have often worked long careers in the very same neighborhoods. We take a lot of pride in looking out for our communities and understanding what is happening and noticing when things are going wrong. We save lives and serve them. I think the stability of the work force has gone a long way toward building and establishing the trust that the American people have, not just in letter carriers, but in the Postal Service in general, and it is essential that we maintain that as we move forward.

Ms. NORTON. We have seen the chaos in other agencies as the Department of Government Efficiency arbitrarily cancels contracts and fires Federal employees with no regard for the impact on everyday Americans or employees. I hope that my colleagues on both sides of the aisle will remain vigilant in protecting the ability of the Postal Service to provide its vital services.

And I yield back.

Mr. SESSIONS. The gentlewoman yields back her time.

We are aware that there have been numerous Members who have attempted to come here who have had to leave due to other competitive meetings that they have. So, we are going to go out of order, and I would next pass the microphone to the gentleman from Maryland, Mr. Mfume.

Mr. Mfume, you are recognized.

Mr. MFUME. Thank you very much, Mr. Chairman.

I am going to withhold my questions until we wrap up. The gentleman from Florida, Mr. Frost, and the gentlewoman from the state of Washington, Ms. Randall, have been waiting, and we will find a way to get back to my questions.

I do want to—a couple of quick things. Although, on a point of personal privilege, he is not a member of the panel, I do want to recognize the presence of Bob Levi, who is the Director of Legislative and Political Affairs at the National Association of Postal Supervisors.

And I also want to thank Mr. Plunkett for calling the name of Gerry Connolly, who chaired this Committee with great distinction and who clearly represented you and others well in Fairfax, Virginia. He is dearly missed. It almost seems like it did not happen.

Mr. Chairman, I have got a couple of unanimous consent requests for the record. I would ask unanimous consent to submit for the record the statement of the United Postmasters and Managers of America.

Mr. SESSIONS. Without objection.

Mr. MFUME. I would ask unanimous consent to submit to the record the statement of the executive vice president of the National Association of Postal Supervisors.

Mr. SESSIONS. Without objection.

Mr. MFUME. I would ask unanimous consent to submit to the record a statement by the National Newspaper Association.

Mr. SESSIONS. Without objection.

Mr. MFUME. And last, I would like to submit with unanimous consent into the record the official statement of the National Postal Mail Handlers Union.

Mr. SESSIONS. Without objection, all of these will be entered into the record.

We thank the gentleman. Does the gentleman seek further time at this point?

Mr. MFUME. No, no, please.

Mr. SESSIONS. The gentleman does not seek time.

Once again remembering that we do have Members who have expressed interest in coming, we will, however, now, through the designation by the Chairman, the gentleman, Mr. Frost, who is from Florida, will be recognized.

Mr. FROST. Thank you, Mr. Chairman. Thank you to the witnesses for being here.

The United States Postal Service is a core function of the Federal Government, the only government agency spelled out in the Constitution. Our U.S. Postal Service has a legal duty to deliver to every address in the United States, leaving none of our constituents, none of our people behind.

In the service of all Americans, the United States Postal Office processes 23.5 million packages a day. A day.

Mr. Renfro, just a quick question. Who are the top clients of the U.S. Postal Service?

Mr. RENFROE. The Postal Service has customers across all spectrums, from individuals to small businesses, large businesses. Some of their larger, over the years, their larger businesses come from many of, ironically, their competitors, large retail outlets. So, one, I think, one of the strengths of the Postal Service and its network is its ability to provide shipping services that allows businesses of all sizes to compete. That does include many large ones, yes.

Mr. FROST. Yes, exactly. And to be even more specific, you know, the top clients of the U.S. Postal Service are people who you consider competitors, FedEx, UPS, Amazon, et cetera. A lot of these private shipping companies want to reap the profits of that mail without having to worry about the duty to serve all Americans like the Postal Service does. And I am very concerned about the rhetoric and conversation we are hearing from the White House and many of my colleagues here in Congress around privatizing the U.S. Post Office and Postal Service. This year, Wells Fargo put out a report on what privatizing the Postal Service would mean. This report states that the Postal Service would have to raise their package rates between 30 to 140 percent, more than double, to equal the prices people pay for private shipping.

Another question, Mr. Renfro—and before I continue, I also have to give a shoutout to my local letter carriers, Branch 1091, just throwing that in there, in Orlando, Florida. In the hot sun, doing a lot of good work.

Which Americans would pay the most when it comes to privatizing the Postal Service?

Mr. RENFROE. Yes, a privatized model of the Postal Service would disproportionately affect those that live in rural areas, which

in many cases are the people that rely on us the most. And private business, as it should, exists to make profit. So——

Mr. FROST. Yes.

Mr. RENFROE [continuing]. It is very natural they would be interested in delivering to locations where it is profitable, but not to locations where it is not profitable.

Mr. FROST. Yes.

Ms. RENFROE. That would likely be mostly rural areas.

Mr. FROST. Exactly. That is the difference. I always have an objection when people say we need to run the country like a company because, I do not know about you, but if I were a part of a company, my top concern would be making money, right, the bottom line.

But the U.S. Postal Service, the top concern is not making money, it is service, service to all Americans. And so, private companies like UPS and FedEx, if you live in rural America, they are going to go ahead and contract with and use the services of the Postal Service. Why? Because no matter what and no matter how far, if an American lives there, they are going to get their mail every damn day from your guys, right? And that is the difference between a private company and service. And I am not trying to demonize all companies or anything like that, but I have to spell it out this way because I think most people do not fully understand.

Of course, there are issues with the Postal Service that we want to fix. There is probably no one in this room that knows that more than you and the members you represent that are out there on a day-to-day delivering the packages. But the solution to this is not to turn it into a company where it is more of a profit motive than a service motive. And like you said, it will impact our people in rural communities the most.

That same report states that in 2024, 75 percent, 3/4, of all mail routes are losing money because the Postal Service is not a business, it is a service. How concerned should we be that if they privatize the Postal Service that there will be mail routes that are closed, or people would not receive their mail on a daily basis?

Mr. RENFROE. Yes, I think any privatized model, even a partially privatized model, would erode the universal service obligation and would almost certainly result in Americans that today have access to postal services, including mail, including the shipping of packages, that under any privatized model, A——

Mr. FROST. Yes.

Mr. RENFROE [continuing]. Would either not have access or more than likely they would pay higher costs for whatever shipping they did have access to.

Mr. FROST. Thank you. And I just have a few seconds left if you will indulge me, Mr. Chair. I just want to ask a quick question relating to our veterans. Among those millions of packages handled by the Postal Service each day, a huge portion of that are Americans' vital medications. The Postal Service delivers 1.2 billion medical prescriptions a year. This includes 80 percent of all VA outpatient prescriptions, and every day about 330,000 U.S. veterans receive a box of medication from the Postal Service. For seniors, people with disabilities, people too ill to get their medication physically, the Postal Service is a medical lifeline.

Dr. Patel, my last question, what could privatizing the Postal Service mean for the cost and access to medication for people unable to regularly make the trip to and from the pharmacy, especially our Nation's veterans?

Dr. PATEL. Yes, I think you highlighted maybe one of my biggest concerns, which is that in rural America there are folks that rely on the Postal Service to deliver critical goods like medicine, and we just know that those are not profitable routes, and that those would be cut by a private operator. That is part of why the Postal Service is such an important public institution, to make sure we maintain that access.

Mr. FROST. Thank you. I appreciate it. And thank you, Mr. Chair, for putting this hearing together. I think as long as this conversation is in the ether from the highest levels of government, any opportunity I can get to talk about it, I will.

Thank you. I yield back.

Mr. SESSIONS. Thank you very much.

Mr. Mfume, I want to state that I am proud of all of the Members who have chosen to keep their comments not just on a positive basis but on a basis that would draw better ideas out. And Mr. Frost, thank you for, once again, doing that here today and your entire Committee Members on your side, Mr. Mfume.

You also mentioned distinguished visitors. We had Bob Levi. I also see Chuck Mulidore, who is the vice president of the National Association of Postal Supervisors, and you submitted his comments, and so I want to thank you.

We will move now to the distinguished gentlewoman, the Chairwoman of the Rules Committee, for her 5 minutes. The gentlewoman is recognized.

Ms. FOXX. Thank you very much, Mr. Chairman, and I thank our witnesses for being here.

Mr. Cochrane, the Postal Service's package business is the most profitable and perhaps most valuable part of the Postal Service's business. This package business not only covers its costs but helps subsidize the rest of the Postal Service's operations. And I understand that while you were with the Postal Service, you helped create public-private partnerships to grow the package business. Do you believe the private sector could do more to process mail and packages for the Postal Service and thereby increase the efficiency and reduce the cost of the overall postal system?

Mr. COCHRANE. Well, thank you for the question. I think that the Postal Service is a unique company, and the last mile, I said it in my opening statement, but the fact that they are running down five million miles a day going to all those addresses, 168 million addresses, and unfortunately, in some cases, the trucks are not full. So, we have heard a lot about filling the trucks up.

But, you know, the real opportunity here is that—I do not—whether it is UPS, FedEx, Amazon, they are all looking for a delivery solution, and the Postal Service has got by far the best delivery solution in the United States.

Ms. FOXX. So, do you think we can maximize the opportunity for private carriers to hand over their packages to the Postal Service close to the destination for the final mile delivery to homes and businesses?

Mr. COCHRANE. That is the best solution that is in the marketplace, and we absolutely should be doing more of that.

Ms. FOXX. Thank you. Is it important to preserve affordable pricing for destination delivery unit or DDU entry?

Mr. COCHRANE. Of course. I mean, price is a component of the transaction, the retail sale, but the Postal Service has got to—you know, they have to approach the marketplace. There is competition, and so they got to be always cautious about how heavy the price is, I will say, but they have a unique ability to deliver something that other companies cannot do, and that is the big ones we talked about, but it is also a lot of regional carriers. There is a lot of people out there delivering stuff nowadays, but no one does it better than the Postal Service.

Ms. FOXX. Well, I want to pick up on what Mr. Frost had said and Dr. Patel. So, if the Postal Service were to spin off its package business, scale back package delivery to three days a week, or dramatically increase prices, what do you anticipate the impact would be on Americans in rural areas like those in my district? And I do have more questions to ask of other members. So, at what point do increases in postage rates start destroying demand and decrease the volume?

Dr. PATEL. So, I think that what you started by asking about was if they spin off packages or otherwise reduce universal service, and I just think that that erodes the value of the Postal Service. And so, anything that you do to reduce profitability is ultimately going to harm everybody by making it harder to maintain universal service.

Ms. FOXX. This question would go to Mr. Steidler, Mr. Schatz, and Mr. Cochrane. So, I will ask the question, and if all of you would give me a fairly quick answer. The Postal Service exists to “provide the Nation with a reliable, affordable, universal mail service.” That means Congress must preserve its ability to operate so constituents in some of the most rural and remote areas in the Nation can get their mail. It should be easy for all of us to agree taxpayers should not have to continually bail out and prop up the Postal Service. But it recently had the Delivering for America plan with the goal of breaking even by 2023, but losses continue to mount. What changes should the new Postmaster General make to the Delivering for America plan so the Postal Service can finally break even? And you can give me written comments in addition to your quick responses verbally. Thank you.

Mr. STEIDLER. Sure. Congresswoman, I would begin by saying there has to be an increased focus on cost reductions, on better cost efficiencies. The Delivering for America plan should be tabled. I would cite the reasons that Mr. Plunkett gave.

Ms. FOXX. Okay. Mr. Schatz.

Mr. SCHATZ. Yes. The answers are in my—at least our answers are in my testimony, but moratorium on the new processing facilities, freezing non-delivery positions, exempting letter carriers, and terminating the Regional Transportation Optimization initiative. There is more, and again, happy to give you further details.

Ms. FOXX. Mr. Cochrane.

Mr. COCHRANE. I think the answer is in public-private partnership for the Postal Service. And there are a lot of people out there

that have boxes that need to be delivered, and the Postal Service has, in some cases, backed off of partnering with people. And I think that the real solution is for the Postal Service to partner with the e-commerce platforms, to partner with traditional competitors and the biggest retailers in the United States. They should be looking to deliver everywhere, every day.

Ms. FOXX. Well, I like the fact that you are saying we need to reduce costs. That is obviously very important. I think that is where you always start. That is where an individual starts when you do not have enough money to spend for the things that you need is you look for ways to cut costs.

I am a person who loves the Postal Service. I use it a lot, always have. I would like to have us be at a time—when I was a student at Appalachian State University and somebody wrote me a letter, I was in Boone, North Carolina, and they sent a letter to my name, Boone, North Carolina, and the Postal Service delivered it to me. I use that as an example, Mr. Chairman, all the time of how the Postal Service used to work.

I will tell you, I went for a period of time recently—not real recently, a year ago—when I was afraid to put mail in my mailbox to be picked up by the post office because I did not trust the people in the post office not to destroy my mail because I complained so much about the bad service. And so, that is where we are. I mean, that is the difference between what it was some years ago in terms of how the Postal Service worked and how it is now. I want to bring the Postal Service back to the way the American people expect it to be, and I hope we will be able to do that with the emphasis from this Committee.

Thank you, Mr. Chairman, for indulging my going over time. And thanks, all of you, for your efforts.

Mr. SESSIONS. Yes, ma'am. Thank you very much.

Ms. RANDALL, you are now recognized.

Ms. RANDALL. Thank you, Mr. Chair.

I think we can all agree on this Committee, as you have heard today, that despite the decline in mail volume, the Postal Service remains a vital link to information, goods, and services, and connection for Americans. And this is even more true for rural districts, like many of ours, like mine, certainly. More than 1/4 of the U.S. population live in rural areas, and they deserve to get their mail on time too.

I am concerned that some of the cost-cutting proposals for the Postal Service will disproportionately disrupt rural communities and could jeopardize the timely delivery of lifesaving medications, mail-in ballots, personal letters, cards, and financial documents. In particular, the Postal Service is in the process of implementing its Regional Transportation Optimization initiative, which reduces end-of-day collection at post offices more than 50 miles from regional hubs, effectively slowing delivery time for people living in hard-to-reach areas.

The closest regional hub or regional processing and distribution center to my district is in Seattle. That is more than 100 miles away from 17,000 constituents in Aberdeen and 150 miles away from 3,500 constituents living in Forks, meaning that constituents could expect a degradation of services under this RTO initiative.

And my constituents are concerned, and I am not surprised. They have every right to be. One of my constituents wrote to me concerned that these changes may compromise the ability of the Postal Service to carry out even essential functions, and they are particularly concerned about delivering ballots safely.

And in a community where we are seeing small pharmacies, rural pharmacies close down, it is even more important that we preserve this last-mile delivery of medication to rural communities like mine. "The Postal Service is the lifeblood of rural America," my constituent wrote, "where people rely on USPS to deliver goods and transmit information."

The Postal Regulatory Commission, the regulatory body overseeing the Postal Service, has found that the RTO initiative will have significant negative impacts on delivery in rural communities and not produce significant savings. Mr. Renfroe, in your view, is it reasonable to degrade service for rural communities for such modest, if any, savings?

Mr. RENFROE. The short answer is no. If I could quickly, I will not speak to either support or condemn this particular program, as a whole. I would, however, like to say we absolutely should, at minimum, preserve service, while at the same time, if there are things the Postal Service can do to improve efficiencies without degrading that service, you know, that is the type of thing that we engage with them on in this modernization effort, but it certainly starts with maintaining and improving service.

Ms. RANDALL. Definitely, I agree. The Postal Service is, in fact, required by law to provide prompt, reliable, and efficient services to patrons in all areas and shall render Postal Services to all communities. I think maintaining rural access is incredibly important, and this universal service obligation must always be our north star for the Postal Service and for us as Congress Members and oversight body.

Despite this, we have seen continued proposals for privatization for parts or in whole of the Postal Service and slashing the postal work force. I also agree that we should be looking for efficiencies and modernizations wherever possible, but I think cutting the rural jobs, the rural delivery mechanisms that reach people in far-off areas like Forks on the coast of Washington State with one road that washes out every year like clockwork is incredibly important.

Ms. Patel, how would privatization or other aggressive cost-cutting efforts interfere with the Postal Service's universal service obligations?

Dr. PATEL. I mean, quite simply, privatization exists kind of orthogonally to universal service. They are not compatible. So, if we wanted a private operator to adhere to what is required by law in terms of affordable, equitable, and universal service, it would need taxpayer funding because the current model would not support that even for a private operator. So, you cannot avoid that by going to a private market, and the private operator would confront all of the same problems that the current Postal Service faces, which is just a decline in first-class mail that has historically been the most important leg of the stool in Postal Service funding.

Ms. RANDALL. Thank you so much, Mr. Chair. I yield back.

Mr. SESSIONS. The gentlewoman yields back her time. Thank you very much.

I am now going to move what actually would be, Mr. Mfume, to a second round and would be extending that to you and any other Member that decided that they would come to attend.

There has been discussion—I do not remember exactly who said it, perhaps Dr. Patel, you did, or perhaps Mr. Plunkett—about the pension issue and that if pensions were allowed to be out into a marketplace, that they would yield a greater amount of money. Could someone address that issue perhaps again? I have got a trusty pencil now.

Mr. STEIDLER. Yes, Congressman, the U.S. Treasury reported that for May 31, there was \$25.1 billion in the Postal Service's Retiree Health Benefits Fund. At the end of Fiscal Year 2024, the Postal Service reported having \$249 billion in pension assets. Those by law can only be invested in government bonds, which traditionally yield much less than a diversified portfolio of stocks and bonds. Think about it this way. If you were starting to save for retirement, there is no way you would put all your assets into bonds.

I would call to your attention a report from the Postal Service's Office of Inspector General that came out April 26, 2023. It assumed that if 60 percent of the Postal Service's retirement assets were in stocks, that there would be a \$1.2 trillion improvement in its financial position. That is assuming that this would have started with the CSRS assets in 1972, the FERS assets in 1988, and the Postal Service Retiree Health Benefits Fund in 2007. Over a 50-year period, this \$1.2 trillion comes to about \$20 billion a year in extra cash that would be there.

And what we are talking about is just investing these assets the same way that teachers' assets are invested, firefighters, government workers at the state and local level. So, it is a huge amount of money that is being left on the table and should be a no-brainer from a bipartisan standpoint to go forward with making this change. And I would encourage you to look at it and would be glad to discuss this further.

Mr. SESSIONS. Thank you very much. Dr. Patel, there has been a word that has been used here many, many, many times, and that is privatization. And I have heard this same term, although not exactly sure the real intent of privatization of Social Security, privatization. Does that mean anything that competed against it, even if you kept the Postal Service there, but you put some operations or looked at different ways to do things? What does privatization mean to you?

Dr. PATEL. Yes, thanks for the question. And actually, I think it is really good to clarify because there is a couple of things that can go on in postal in general. There is something called liberalization, which is opening postal markets up to competition, which was done broadly in Europe beginning in the early 2000s, and also exists in the United States. There is substantial competition in middle-mile delivery services. There is competition for parcels and packages.

Privatization is about the sale of some or all of the Postal Service's assets, so a fully privatized USPS would sell all of its assets to a private operator and would cease to be a public operation. You could also partially privatize it by issuing stocks that the Federal

Government held the majority share in and introduced shareholders. That is a form of partial privatization that, again, in Europe, you see a mix of all of these sort of organizational structures, depending on the country that you are talking about.

Mr. SESSIONS. Do you believe that such an ability exists to take and privatize the Postal Service to where someone would either want this opportunity or be able to pay for that opportunity or that there would be enough Members of Congress who would put a demand together to do that?

Dr. PATEL. I do not. I know there is a lot of rhetoric around it, but I cannot imagine there is actual public will to get that done.

Mr. SESSIONS. So, if you were, let us say, trying to keep the ball in the middle of the field—and I alluded to this earlier when I actually did believe what I said when I said about not just Mr. Frost, but Mr. Mfume's leadership of discussion within his Members. Does it do us any good to throw that word out there if we really know that following what you have said, which I believe is a good definition, we are not going to privatize the Postal Service? We need to, however, have certain goals. We need to understand what we are trying to do, and we can get closer to those.

I spent 16 years at AT&T and moved that structure about as much as anybody during my years there, and I think there are ideas that I have about the Postal Service. They are having problems getting enough carriers. They are having enough problems to where they, as what was said, deliver maybe with un-full trucks. They have a reduced amount of mail that they deliver. All these things come into play that indicate that a wise manager of this, whether it be our young Chairman, James Comer, or Mr. Mfume, or myself.

Mr. Chairman, I see you over there, and I am delighted that you are here. Mr. Jack, I see you here too.

My point is, is that I think that there has to be a structure without called privatization. You are going to kill something because right now we are not exactly the goose that lays golden eggs, but rather move ourselves with agreement, with knowledge, with a plan, and with our employees. I think that this is important, and I think that I am hoping to give some confidence that we can talk about these without an assertion that you are trying to get rid of it or you are trying to privatize it because we are not.

Mr. Mfume, do you seek time?

Mr. MFUME. Mr. Chairman, I would yield right now for the Chairman of the overall Committee, the distinguished gentleman from Kentucky, and then reclaim my time later.

Mr. SESSIONS. Oh, trying to do a little suck-up business here today. Yes. So, the distinguished gentleman, the gentleman from Kentucky, is not seeking time. The gentleman from Georgia is. The gentleman, Mr. Jack, is recognized for 5 minutes.

Mr. JACK. Thank you, Mr. Chairman, and thank you to our witnesses.

The title of the hearing alone, I think, is helpful as we look to deliver solutions for the many customers of the Postal Service. Hearing from all stakeholders is very helpful.

Specifically, I would just like to, on the record, note I represent Georgia's 3rd Congressional District, which is just southwest of At-

lanta, stretches down to Columbus. Most of my district is serviced by the Palmetto Mail Facility, which has experienced a lot of trouble in recent years, recent months, recent years.

But specifically, if I could start, Mr. Plunkett, again, thank you for your testimony. Curious for your insights. The Delivering for America plan includes, I think, over \$40 billion in investments for new capabilities and facilities, almost exclusively in package sortation and distribution. However, as I have just noted, we have seen significant disruptions at some of those facilities, particularly in Atlanta, Indianapolis, and Richmond. From your perspective, have these massive investments in package capacity improved services for packages? Have the investments degraded, perhaps, the Postal Service's core mission of delivering mail should these investments in competitive products continue?

Mr. PLUNKETT. I apologize. From my perspective, there is no evidence indicating any kind of improvement whatsoever, quite the contrary. As you point out, Atlanta and many other facilities around the country have suffered severe gridlock at various stages over the last few years.

My concern about the capital investments in the Postal Service's package business, they are allowed by law from the 2006 PAEA to operate in competitive markets. That law, though, also included a price cap that protected mailers from having to backstop questionable or speculative investments in trying to compete with the private sector.

My concern today is if the Postal Service is allowed to continue to funnel tens of billions of dollars into excess processing capacity, at the end of all this, it is the mailers that are going to have to pay those bills because the protection of the price cap has been eviscerated by the regulator. But clearly, there is no evidence whatsoever that those investments are paying off in any way yet.

Mr. JACK. And what other distractions can be cut out of USPS so they can focus on their core mission?

Mr. PLUNKETT. Well, we strongly believe the Postal Service has a critical opportunity to focus on its last-mile delivery network, which is unparalleled, and on first-mile access to its services. Beyond that, we believe the Postal Service and its customers would be much better served through development of private-public partnerships to allow for mailers and shippers to enter their product as close to destination as possible. That would reduce postal costs, it would increase overall efficiency, and most importantly, perhaps, improve service. We know that the longer the Postal Service holds on to a letter, a package, or a flat, that the worse the service gets. So, we believe for every product category, the Postal Service should be maximizing downstream entry to increase efficiency and improve service.

Mr. JACK. So, just to help me understand in layman's terms, would, you know, a package being sent, let us say, to Peachtree City, where I reside, would it be handled by perhaps a private carrier up until that last mile and then Postal Service takes over from there?

Mr. PLUNKETT. And until very recently, that was the working model. Consolidators used to collect shipments from small businesses, consolidate them into larger shipments, and then enter

those generally at a destination delivery unit, close to the destination. In recent years, the Postal Service has been restricting access to its delivery units for entry and forcing more packages further upstream into its own processing network, thus justifying those tens of billions of dollars in capital investments that you asked about initially.

Mr. JACK. Wonderful. Thank you for your testimony there.

Mr. Schatz, welcome back. You were at, I think, our first hearing, one of the first hearings of this Committee, and I always welcome and appreciate your testimony. I would love, in the closing minute that we have, for you just to highlight any other instances of waste, fraud, and abuse within the USPS that we and our Committee can work to solve and cut out.

Mr. SCHATZ. Well, I think the discussion about public-private partnerships is critical because it works across many of the Federal Government's functions. I think it is something that should be reviewed not just at the Postal Service but in other agencies.

However, it is particularly pertinent in the Postal Service because the private sector has developed systems over time with new technology that the companies themselves have invested in that the Postal Service is a little bit of trying to catch up to in its processing facilities, but it is duplicative. It overlaps. And as we have said, we think it's something that should be immediately ceased. Tens of billions of dollars could be saved or not spent. The other area, of course, is this optimization initiative, which has led to a reduction in service in rural areas.

And having worked on Capitol Hill many years ago, I know that there is a great deal of comments. There were many comments from people about USPS. That has not changed. People like getting the service. They need the service. And to the extent that it can be made more efficient and the universal service obligation continues with that last-mile delivery by the letter carriers, that would help avoid a lot of the waste and abuse and allow the Postal Service to operate more efficiently.

Mr. JACK. Thank you. And with that, Mr. Chairman, I yield.

Mr. SESSIONS. The distinguished gentleman yields back his time. Thank you very much.

Would our young Chairman wish to be recognized?

Chairman COMER. I appreciate that. I appreciate the young comment too.

Mr. SESSIONS. The gentleman is recognized for 5 minutes.

Chairman COMER. All right. Well, thank you. And thank our witnesses for being here today.

I think everyone knows this Subcommittee, and for the most part this full Committee, strongly supports the Postal Service. We have, as you know, legislative jurisdiction. And we recognize—and I am sure you all do—that there are problems with the Postal Service. The performance is a problem, but the massive losses are a problem as well. The Postal Service was designed to be self-sufficient, and it is not self-sufficient by a long shot.

My first question, Mr. Schatz, what are the top two or three things the Postal Service could do to reduce its costs to try to get closer to breaking even?

Mr. SCHATZ. Well, it has to match its labor costs with its revenues. The labor costs are 80 percent of costs. And when the Postmaster moved 195,000 part-time jobs to full-time, that was clearly not helpful.

Chairman COMER. Yes, no, I agree with that, and I was real disappointed when that happened. That was not a part of the postal reform business model that I strongly supported and this Committee led, so that was a huge disappointment. I agree.

Mr. SCHATZ. Yes, and I also, as I have said numerous times, you know, processing, logistics, transportation of mail, as Mr. Plunkett and others have said, really needs to be made closer to the destination and allow the systems that have been developed over years—and it is a lot like other areas in the Federal Government. They do not have the technology or investment in innovation.

Chairman COMER. Right. Was it a bad idea to consolidate the sorting facilities or was that a good idea? The idea, as I was explained, was to reduce costs and to be more efficient. Has that helped the bottom line? It has not helped the performance—

Mr. SCHATZ. No.

Chairman COMER [continuing]. I can assure you.

Mr. SCHATZ. No, it has degraded performance and it certainly is not helping the bottom line. And it does—as I have said, the new Postmaster General to come in and halt that effort and come back and talk to the Committee about what should be done.

Chairman COMER. Okay. Mr. Plunkett, across the country, mail volume has declined, we have talked about that, with the rise of digital media. The Postal Service now handles half the mail volume it did 20 years ago, but it has significantly more employees, in fact, 40,000 more postal employees. And as Mr. Schatz said, the labor is your biggest expense in just about any government agency. So, it is particularly concerning to me because 80 percent of the Postal Service costs are labor. How can public-private partnerships help deal with this high labor cost?

Mr. PLUNKETT. One way, as Mr. Schatz rightly points out, much of what the Postal Service does in the middle mile—transportation, sortation, and logistical distribution of mail or packages—can easily be replicated outside of the Postal Service and could be done much more efficiently and much more effectively.

Now, you mentioned the fact that we have a mismatch between the size of the labor force and what has happened with volume over time. You know, the Postal Service unfortunately does have a lot of opportunities for attrition. I think no one wants to see any layoffs. We certainly do not. But over time, if the Postal Service were to concentrate on last-mile delivery and first-mile access and restructure its products and its incentives, it could do a lot to move mail further downstream, move packages further downstream, and create billions of dollars in cost savings opportunities in the middle mile parts of its network.

Chairman COMER. Okay. Mr. Cochrane, the mail continues to get slower. The performance continues to decline, despite having more employees than ever. When I look at the Postal Service and I talk to postal employees, I try to communicate regularly with the unions, communicate regularly with the stakeholders, the people in the package coalition and all the groups that utilize the Postal

Service at the largest levels, it seems to me that the problem is in the mail sorting, Okay? I do not think there is a problem with the mail carriers. I do not think there is a problem with the post offices. You could make an argument that there are too many post offices, and that could be consolidated.

But at the end of the day, it looks to me, as someone who strongly supports the Postal Service and someone who has, you know, worked closely with Mr. Sessions and Mr. Mfume and the previous Chairman, the Democrat Chairwoman Maloney, of this Committee to try to help the Postal Service, that the problem is in the sorting. Do you think there could be a private sector solution to the sorting, just the sorting?

And I have always encouraged Mr. DeJoy to do a pilot project, one pilot project to privatize the sorting of the mail to see if we could do that more efficiently and quicker. Do you think that is an option, a viable option?

Mr. COCHRANE. Well, yes, because it worked with packages. I mean, packages used to be brought—you know, until last year, two billion parcels were being brought all the way to a local post office. And once again, very nominal work once it gets to the post office. They just separate it into one of 30 routes and load the truck up. That was brought back into the network, and now it runs across sorters, and it has got to incur transportation costs and incur processing costs. The profitability goes down when you do that.

And it is the same with mail. I mean, once again, there is catalogs and magazines. Eighty percent of them are already entered at a plant, a processing center. With slight financial incentives, 80 percent of those same pieces could go right to a post office. So, I think there is absolutely an opportunity to do that. And the mailing industry actually does it already. I mean, once again, marketing mail, 85 percent of it is bypassed by the entire network and is brought to a destinating sort, so we just got to do more of that and do it better.

Chairman COMER. Well, Mr. Chairman, I just want to say publicly that this Subcommittee is serious about trying to save the Postal Service, but it is going to have to be more efficient. I mean, they are losing customers every day. I am not blaming the postal employees. I am not blaming the Postmaster General. But at the end of the day, it is broken, and we have to fix it because the Congress is not going to continue to funnel money in there. And this is one of the very few bipartisan issues in Congress. We want to support the Postal Service.

So, Mr. Chairman and Ranking Member, I appreciate you holding this hearing, appreciate your commitment. Hopefully, we will get some more direction from the White House as to what their plans are for the future of the Postal Service. But I think one thing is for certain from my standpoint. I want to see a Postal Service into the future, but it is not going to happen until we make some needed changes.

So, with that, Mr. Chairman, I yield back.

Mr. SESSIONS. Chairman, thank you very much. I think you hit at least the nail on the head that Mr. Mfume and I are after, and that is to seek other people's opinions also. We think our opinions matter. We know that others do matter, but I think that people

who are engaged in the day-to-day operation, business, and other matters do matter.

We have now been joined by Mr. Burchett. Mr. Burchett is a member of this Subcommittee. The distinguished gentleman is recognized.

Mr. BURCHETT. Thank you, Mr. Chairman.

How many unions operate within the Postal Service? Can anybody tell me that?

Mr. SCHATZ. Four.

Mr. BURCHETT. Four. Okay. What are the top two or three things—I mean, Mr. Schatz, have I got that name right?

Mr. SCHATZ. Yes, sir.

Mr. BURCHETT. All right. I am Burchett, so mine is never—

Mr. SCHATZ. I know that.

Mr. BURCHETT. Yes, I never get that right, so we are good. What are the top two or three things that the Postal Service could do to reduce its costs?

Mr. SCHATZ. Well, as I have mentioned—

Mr. BURCHETT. And I want to apologize to you.

Mr. SCHATZ. That is fine.

Mr. BURCHETT. Mr. Burchett. As the 435th most powerful Member of Congress, I am always the last person to ask the questions.

Mr. SCHATZ. That is Okay.

Mr. BURCHETT. So, everyone knows this. When I ask the question, it is already been asked 15 times. You are supposed to immediately respond and say that is an incredible question. I will try to answer that for you, sir.

Mr. SCHATZ. And I have great answers. Well, as I think we have said this, we have been working on postal issues since the Grace Commission issued its report under President Reagan, and we have been very consistent over the years. Increase the number of public-private partnerships, and, given some of the changes made in the Delivering for America plan, we think there should be an immediate halt to that plan, reassess what is working and not working, mostly not working.

And, you know, it is important to keep the Postal Service moving forward. We do not support privatization. It has been mentioned several times, but I will throw that in since I was not asked directly. And I think that the changes that can be made, particularly in increasing the ability of the private sector to help and improve efficiency, is probably the best thing that can be done.

Mr. BURCHETT. Okay. Mr. Plunkett, with the rate increases, what are you hearing from the business community? Are they pitching a fit, are they jumping ship, or what are they doing?

Mr. PLUNKETT. Let me first say what an excellent question that is.

Mr. BURCHETT. I concur.

Mr. PLUNKETT. So, I do not know if people realize the size of the increase that it is going to hit commercial mailers in July. Many large categories of mail are getting an 11.4 percent rate increase in July. They were not budgeting for that. They were expecting about seven percent. But the Postal Service, when they filed their change, it was much higher than we expected. It is very difficult to plan in an environment like that. And so, it is not just the mag-

nitude of the increases that is going to drive away substantial volume, but it is the surprise that was provided when that was announced.

And another thing I will mention is it is not just the overall size. The Postal Service is diminishing incentives to do the exact same things that Mr. Schatz is talking about. They are taking away incentives to move mail closer to its destination, to move it back up into their own processing network. And I can tell you that in several postal facilities around the country that happen to be located close to large mail manufacturers, there is the real possibility of gridlock in the middle of July when those incentives are taken away and all of a sudden mailers just dump all of their mail at the point of origin. That is something our members are bracing for. We wrote to the Board of Governors suggesting that they should hold off for a few months to reassess this. We have not gotten a response to that request, but I can tell you the mailing community is on the verge of being terrified of what is going to happen in July.

Mr. BURCHETT. Okay. Mr. Cochrane, can the private sector do more to process mail and packages for the Postal Service, maybe increase the efficiency of the overall postal system?

Mr. COCHRANE. Yes, they could. I think they—one of the first things they need to do is open up last mile again. And last mile is bringing stuff all the way to a post office. A year and a half ago, they decided to move that and cut that off and move it back into the processing network. The processing network got gridlocked, and it took them a while to restore service. It charged more. But if they just open back up into the last mile where they have facilities, they have automation, they have, you know, where the carriers are located, you bring it there, you bypass a whole lot of costs. And it is the most efficient way of doing it. It is the lowest price and service, the key service issue. So, it is an easy thing for them to turn back on. It was just a decision that was made not to allow access into the post office.

Mr. BURCHETT. Have your delivery standards impacted your customers?

Mr. COCHRANE. Absolutely. When it moved back into the processing center, I think some of the stories we heard today about what happened in Georgia and then Louisville and then down in Houston, it is, you know, the processing centers are where you are going to find delays with mail sorting. The processing centers are where you are going to find—you literally lose a trailer or lose volume.

So, the post offices—the beauty of a post office, it has got nowhere to hide anything. They are small. What you see when you walk into the lobby, there is like equal space in the back.

Mr. BURCHETT. Yes.

Mr. COCHRANE. So, there is no lost trailers, no packages lined up on the, you know, containers lined up on the wall, pallets full of things. When you go to the post office, it is clean, it is great service, and the best price in the marketplace.

Mr. BURCHETT. I am out of time, but I would like to say I did—somebody mentioned earlier something about the former Postmaster, and I had a lot of problems with the former Postmaster. I think I maybe exhibited a little bit of my east Tennessee anger

toward him multiple times, and it was well deserved. But I would like to say—I know I am over time—but back in the day I had a burgeoning eBay business, and I loved going to the post office. Some of the best memories I have, my old daddy would go with me. My dad was a World War II veteran, and they would see Mr. Burchett come in there and they would bring a chair out for him and he could watch my packages while I was running back and forth to the truck, bringing them in. And Daddy would usually take a nap, but everybody was really kind to him. And I dig that about the post office.

I miss the so-called professionalism. You know, we get all this highfalutin stuff, and we forget that a lot of the postmen back in the day, they checked on people. And if packages were stacking up in front of their dadgum house, they were knocking on the door, checking on the family. And I think that was a good thing, and we are missing out on a lot when we lose that.

So, sorry I went over, Mr. Chairman. Thank you. And Ranking Member as well, sorry.

Mr. SESSIONS. Mr. Burchett, thank you very much. If you would like, we will give you more time.

Mr. BURCHETT. I could just indulge on my current state where I am trying to sell my baseball card and comic book collection. Because my daughter likes horses, apparently, that is a priority right now.

Mr. SESSIONS. It would be to me.

Mr. BURCHETT. Yes, well, I wish she had stuck with motorcycles. They were safer and cheaper. But I will leave that as it is. But anyway—

Mr. SESSIONS. Good gosh.

Mr. BURCHETT [continuing]. No, it is a pleasure being on this Committee. And as I said, the Ranking Member and the Chairman are, I consider, two of my closest friends up here. So, thank you all.

Mr. SESSIONS. Mr. Burchett, thank you very much.

I think that this panel has heard from a lot of people today. I would like to go to Mr. Mfume for any final words that he may have and closing remarks. The distinguished gentleman, my friend, is recognized.

Mr. MFUME. Thank you, Mr. Chairman. I want to thank the gentleman from Tennessee, who is my friend also and who keeps it real all the time here in the House of Representatives. Take care, Tim.

A couple of quick things, Mr. Chairman. Obviously, I want to thank you for working to put this hearing together. It is something that both you and I wanted to do and that we are going to follow up on.

You were correct. I was kind of cozying up to the Chairman of the Committee earlier by giving him my time. So, since I was doing that, it occurred to me I would not be out of order to brown nose and to recognize Chuck Mulidore, who you did earlier. Chuck, good to see you. Sometimes, we are both overtaken by the radiance of Bill Levi, so that is why I only saw him beaming through there. Yes, Bob Levi, excuse me. That is why I saw him beam through there.

Mr. Chairman, the question is where do we go from here? And there are a lot of directions. I have got a couple of quick questions, and then I want to get with you and try to figure out all this for the follow-up to this hearing.

Mr. Cochrane, you talked about systemic slowdowns. Can you just take a second or two to give me an idea of what you mean there and why we have them?

Mr. COCHRANE. Well, it is the optimization, the Regional Transportation Optimization. And it does have an effect that, you know, the previous Congressman talked about being an eBay seller. If you are an eBay seller in a rural area that is caught up in the changes that took place in Regional Transportation Optimization, you are judged by when that purchase takes place, you are measured from that time to when it gets delivered, and you get a score. And unfortunately, if you are living in a rural area, you lose. You are already a day behind because you sold it on Monday, and it did not even leave until Tuesday. So, you have got to catch up, and it will affect how you are rated on a platform. And that is not just eBay. That is a lot of the platforms that are out there.

So, you know, once again, slowing down service in rural America is not necessary. And actually, I would think it is one of the big growth areas. The population was growing. We heard that before. Twenty-five percent of the U.S. population now in rural areas. And frankly, it is not all rural areas. And it is just—it is a 100-mile zone issue, which is a problem.

So, I live in Delaware, and there is a lot of beaches down there, but there is 100,000, 200,000 people living there. But they decided my regional building was in New Jersey, so my mail does not get picked up—

Mr. MFUME. I got it.

Mr. COCHRANE [continuing]. At the end of the day, so.

Mr. MFUME. I got it.

Mr. COCHRANE. Yes.

Mr. MFUME. Thank you. Mr. Steidler, let me ask you a quick question. You talked about robotics and AI as being avenues that could increase significantly our efficiencies. Can you talk some more about that? And does that mean—is that a threat to the work force? That is the other issue.

Mr. STEIDLER. The short answer is it is not a threat to the work force. In fact, it will empower the work force by enabling them to focus on more efficient things going forward here.

Robotics are already being used widely in warehouses and other places to transport things, and that is something that USPS should look at. I would add to that, that is going to be difficult in the current situation because that involves capital expenditures. But those are expenditures, much like on the vehicles, that will pay for themselves in greater efficiencies and reduction in maintenance costs.

The other thing is, the Postal Service is a repository of a huge amount of data on its different products, on what works well in different areas, what practices are best, and what the pricing should be. And the opportunity to use AI is there to identify the best practices in the best areas and to help replicate them on a national basis.

Mr. MFUME. Is any of that being used now, utilized at all?

Mr. STEIDLER. I believe it is being used very sparingly at the Postal Service that they are really, from an IT standpoint, they have higher priorities in terms of preventing cyber threats and things along those lines. But this is something that the private sector is looking at. It is something that the Postal Service should certainly be looking at as well.

Given its cash constraints, I would—and they are not that public with this information. I would imagine they are not looking at it nearly to the extent that they should.

Mr. MFUME. Okay. And the other thing you mentioned in your testimony was that the Board of Governors should be done away with.

Mr. STEIDLER. Yes.

Mr. MFUME. Let us say we do that. What do you envision as replacing that, if you think it needs to be replaced at all? And what should some of its priorities be?

Mr. STEIDLER. I think it should be a smaller commission type or Board of Governors type entity. Right now, you have nine individuals who are paid \$30,000 a year to look at a variety of issues in the Postal Service. The simple reality is that is not enough money to attract and retain bright people who are going to focus in on those areas.

And I think we also have to take a step back and realize that those who should have been keeping an eye on the finances of the Postal Service have not been as rigorous as they should have been. The Postal Service, for example, has had the same auditing firm that it has had for 54 years. Best corporate governance practices would say that you should swap them out or at least competitively bid them every year.

So, we need a small contained outside board with resources that can focus on these issues, that can demand to look at contracts, that can look at——

Mr. MFUME. Thank you. I am going to have to reclaim my time.

Mr. STEIDLER. Sure.

Mr. MFUME. Dr. Patel and Mr. Schatz, your thoughts also on the Board of Governors and where you think any reform is needed outside of your written testimony. By the way, there will be follow-up questions as a result of the testimony that we all have. We just do not have enough time right now. But if you could both take a stab at that, that would be great.

Dr. PATEL. Yes, I would just answer really quickly. I think the Board of Governors is important. I think the reforms that have been talked about are also important. And I think a regulator, because the Postal Service operates a legal monopoly, is a really important part of the puzzle. So, I just think empowering these bodies to do more and do better is the step forward.

Mr. MFUME. Mr. Schatz.

Mr. SCHATZ. Yes, I agree there has to be oversight, and I think there should be more transparency, and that can be done with a stronger board.

Mr. MFUME. Okay. I am just trying to get to where we are. This board now—you want a board that is appointed by the Administration? Is this a board that ought to be elected in some other kind

of way? I am just trying to get a sense of what you see a new board being and looking like.

Mr. SCHATZ. I do not know that we have reached that issue yet. I think it is a good question. I think it is something we would consider as an organization, but I do not have a direct answer at this point.

Mr. MFUME. Okay. That is fine.

Mr. Chairman, I do not have any other questions right now. I will be happy to yield back, and thank you again for your work on this.

Mr. SESSIONS. Thank you very much.

Before I go to my final closing remarks, I do want to make sure that we entered into the record at least three additional pieces of correspondence that we have been asked to. The National Paper Association; "Keep US Posted" by the gentleman, the Honorable Kevin Yoder; and Envelope Manufacturers Association, Marie Clark, has asked that that be entered in the record.

I also want to do two other things I think are important, and that is to thank members of the Postal Service. I, too, have friends in the Postal Service. I have friends and know that over my 27 years of working as a Member of Congress, I have developed friendships, people who have talked with me about their hopes, aspirations, and desires about that.

I, from time to time, do well enough to get invited to conventions that the Postal Service has in their different operations. But I think that it is important that we recognize that they still live up to the postman's creed, and they are out there working every day. And today, I went up to vote and walked right by the open door and went, it is hot out there. And there are thousands of people who work for the Postal Service who are out in the heat today and in the cold when it is cold too.

Secondly, I would like to thank the gentleman who runs this Subcommittee from a staff perspective. Bill, I want to thank you for not only putting this together but remembering the same viewpoint that we have tried to take, and that is we go together with Mr. Mfume and our friends. But Bill, thank you very, very much for bringing this together. I think that this panel showed itself for what it is, and that is good ideas and an opportunity to openly discuss it.

Lastly, in my closing statement, I am approached from time to time, from people who want us to speed up. And I will tell you, I do feel a sense of urgency in the things that each of you have brought forward today. Our young Chairman, as you heard tonight, he looks to me to move a lot of ideas related to this. Both he and I are not frustrated but have not fully been able to move forward with decisionmakers. I think that that is ending now with the new Postmaster being named. We intend, Mr. Mfume and I, intend to meet with the new Postmaster. I have met with the Board of Governors, certain members of the Board of Governors.

There has got to be a plan. You cannot have something as big and as important that has value across the country without giving better direction, answers to people. I learned a long time ago when I worked at AT&T, when you raise prices, there is a corresponding value of people who quit using your services. And this is something

that I have known for a long, long time and thus feel that the mathematics that are related to spending is just as important as the service because, at some point, people voluntarily quit using your service.

Bill just passed me something here. Oh, yes, Morgan is a Democratic counterpart, and she is great to work with. Yes, I will tell you that we have this demand on us, Mr. Mfume does, I do, where we try and work together. We try and see things that are the same way, but so did you in your conversation that you had with us today.

And so, with that said, Morgan and Bill Womack, without objection, all Members have five legislative days within which to submit materials and additional written questions for the witnesses, which will be forwarded to the witnesses as they become apparent.

If there is any further business, I have not seen it. So, without objection, the Subcommittee will stand adjourned as soon as I bang the gavel. But I want you to know that Mr. Mfume and I intend to come down and shake your hand and thank each of you for being here today.

With no further business, we now stand adjourned.

[Whereupon, at 4:19 p.m., the Subcommittee was adjourned.]

