



Testimony of

The Honorable Thomas G. Day, Commissioner

Postal Regulatory Commission

Before the

U.S. House of Representatives

Committee on Oversight and Government Reform,

Subcommittee on Government Operations

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Good afternoon, Chairman Sessions, Ranking Member Mfume and Members of the Subcommittee. Thank you for calling this hearing to discuss the current situation confronting the United States Postal Service. I look forward to this opportunity to discuss the critical role the Postal Regulatory Commission already plays, as well as what I believe it could do to assist in securing a sustainable future moving forward.

I have been professionally associated with the Postal Service for the last 42 years. After 9 years on active duty in the US Army, I began my Postal career as a Management Associate in March 1984. I rose through the ranks, with management positions in virtually all aspects of Postal Operations and the supporting functions. I became a Postal Career Executive in 1989 and was selected to be an Officer of the Postal Service in 2001. My final 18 years in the Postal Service were as the Vice President – Engineering, Senior Vice President – Government Relations, and Senior Vice President – Intelligent Mail and the Chief Sustainability Officer.

In 2019, I retired from the Postal Service and began working for the International Post Corporation (IPC) in Brussels, Belgium, where I served as its Chief Financial Officer. After nearly 3 years at the IPC, I returned to the US. After a year with a variety of consulting work, in October 2023, I was appointed to my current position as Commissioner at the Postal Regulatory Commission.

If my professional career does not state enough, I further associate with the Postal Service via my father and grandfather, who were clerks for the Post Office/Postal Service dating back 78 years to 1938. My dedication to the US Postal Service, its employees and the American public that it serves, is literally in my blood. While I am concerned, and at times critical, about results of Financial, Service and Employee Engagement measures, I don't relish the obligation to report the facts and data as they are, but it is my responsibility to do so. As a person who has dedicated his life to this organization, my strongest desire is to see the Postal Service succeed.

I am in full agreement with the factual background Vice Chairman Taub's testimony provides, the summary of performance and the path forward to achieving resolution and improvement. I would like to emphasize a few points, however.

I fully agree with the Vice Chairman that we must define the scope of the Universal Service Obligation or USO. It's important to clarify that this is a complex task that will take time, and likely will require revision of the current legislative framework as well. In the meantime, there are other critical steps that can be taken to improve the Postal Service to reduce cost, improve service and ensure a safe and secure work environment for its employees.

Under the current leadership of the Postal Service there is a clear effort being made to improve service and reduce costs. More than just an effort, real results are in fact being achieved. I am confident that such improvement can continue. That said, continued use of the network created under the Delivering for America plan (DFA) cannot achieve an optimal solution.

As indicated in the Advisory Opinion issued by the PRC in January 2025, the DFA plan is fundamentally flawed. There were three key findings:

1. It relies upon defective modeling and ill-prepared implementation
2. The methodology for estimating cost savings lacks validity
3. It has a significant, negative impact upon rural communities and certain mail products.

Despite the Postal Service's best efforts to improve service and reduce costs, the flaws in the DFA network will by design limit what can realistically be achieved. To be clear, improvement will take place - It simply will not be the best it could be.

I could go into a lengthy academic discussion explaining the difference between Deterministic Models used by the Postal Service, and Stochastic Models, which were not. Further, I could discuss the use of Pollaczek-Khinchine formula, but I will not. What it ultimately comes down to is variation in both the type and amount of mail that enters the network at each location, as well as variation with respect to how that facility is configured and operates. No two places are the same.

Wherever the Postal Service has one of its approximately 50 Regional Processing and Distribution Centers (RPDCs), there is a unique community to be served. Those communities are uniquely situated geographically - the density of

population varies, the types of roadways and traffic vary, and even the types of mail (Letters, Flats and Packages) vary.

Despite this variation across the network, the Postal Service decided to implement a single, uniform format for their RPDCs – a seemingly arbitrary 50-mile radius. Beyond 50 miles, most mail goes into the Regional Transportation Optimization (RTO) network.

This has an obvious impact upon suburban and rural Americans, whose Post Offices would only have a single truck each day to both pickup mail from the previous day and drop off mail for delivery on the current day.

An example I used during the Commission's December 2025 hearing conducted for its Advisory Opinion on the DFA plan was Miami, Florida. When looking at the location in Miami, if you go beyond 15 miles east you are in the Atlantic Ocean. If you go beyond 15 miles to the west you are in the Everglades. This is but one clear example of how using a uniform 50-mile radius to define every RPDC network area with the goal of optimizing savings and service is objectively and fundamentally flawed.

The reality is that DFA made minimal physical changes to the Postal Distribution network. To date, only 4 RPDCs are in new locations--the overwhelming majority of RPDCs and the hundreds of Local Processing Centers (LPCs) were already in the pre-DFA network. The revised network was simply modifying transportation routes between facilities and the processing operations within these facilities.

Going back to properly modeling and designing an optimal network would not require an overwhelming investment. Rather, the investment would likely generate a positive Return-on-Investment in a reasonable Pay-Back period. Proper modeling, design and implementation of an optimal network should improve service, reduce costs and provide employees with a more stable work environment.

The PRC was clear in its Advisory Opinion in 2025. More than a year later, the facts and data lay bare that the Commission's findings in that Opinion were correct. Rather than continuing to attempt to improve service and reduce cost with a flawed plan; it is almost certainly a better solution for the Postal Service to step back from DFA

and properly design and implement an optimized network within the physical network that already exists.

Again, it will take time to properly study and implement a revision to the Universal Service Obligation. As that effort is underway, properly designing and implementing a revised network is critical. This is of value for the immediate future, but it also creates a framework for future updates as change continues to take place in the Postal Industry. Proper network design and updates will be needed for the foreseeable future.

Thank you again for the opportunity to testify before this Subcommittee at this critical time in the Postal Service's history. I hope my testimony is informative, and I look forward to any questions you may have.