

Testimony of

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Thank you, Chairman Sessions and Ranking Member Mfume, for this invitation to testify on the future of one of America’s most cherished institutions, the United States Postal Service (USPS). When we talk about the future of USPS, it is essential that letter carriers, the people who do the hard work and deliver mail and packages to every address and business in the country every day, are heard.

My testimony will, unfortunately, begin on a solemn note. Just a few days ago, on June 21, a Dallas, Texas, letter carrier died while performing his duties. While the circumstances of his death are still under review, it is clear that letter carriers continue to face increasing dangers on the job, including extreme heat, crime and assaults, outdated postal vehicles, and other hazards.

The future of the Postal Service

This year marks the 250th anniversary of the nation’s Post Office. Over that time, it has continuously adapted and reinvented itself to meet the evolving needs of our country. Once a primary means of communication and central to our social and political lives, the Post Office gradually transformed itself to be an essential part of the nation’s economic

infrastructure as a major channel for our nation's financial system and a mechanism to conduct business through billing, payments and advertisements. Today, USPS is again transforming itself to meet ever more diverse needs in the age of the internet and e-commerce—delivering goods, prescription drugs and ballots, as well as First-Class Mail and targeted marketing materials. One thing has never changed in our long history: the importance of affordable universal service. Without the USPS, tens of millions of Americans in rural and lower-income urban areas—as well as millions of businesses, big and small—would not be able to meaningfully participate in the modern economy. The Postal Service serves as a vital incubator for business innovation, demonstrated by the development of postal-dependent companies like Amazon, Netflix, eBay and Etsy.

The USPS is in the middle of its latest major transformation. It is seeking to re-engineer its transportation, processing and delivery networks—all built with much heavier letter mail volumes in mind—to handle the mail mix of the future, which includes tens of billions of packages and a much wider variety of non-traditional First-Class and Marketing Mail. That is the subject of the 10-year Delivering for America Plan, which calls on Congress to take a number of significant actions.

NALC does not entirely agree with every detail of the Delivering for America Plan, particularly the one to reduce the quality of service for marginal savings, and we have pushed back against certain parts, but we are largely supportive of the main modernization

efforts. As with all plans, mid-course corrections are appropriate, but now is not the time for radical U-turns. We must invest and modernize, not downsize and privatize.

The Postal Service runs on a mail-processing network developed decades ago, mostly for letter mail. Our work has changed significantly since then, and we now deliver more parcels than ever. The plan seeks to modernize the network to accommodate these changes and to improve the functionality of the Postal Service and the work letter carriers do.

Modernization is a must to remain competitive and keep providing the essential service Americans count on. We know that the plan has its challenges and has come with major hiccups. While service disruptions or delays are unacceptable, they are inevitable as the agency tries to rebuild its ship while crossing the ocean.

While implementation of the plan has not been perfect, it has proved what NALC has long known—letter carriers are adaptable. Whether through feet of snow, record high temperatures, a global pandemic, days after a natural disaster, or anything else, letter carriers get the job done for Americans. We are experts in our craft, and we know the workings of the Postal Service inside and out.

Postal Service finances

When we talk about a path forward for the Postal Service, evaluating the agency's finances is essential.

Three years ago, Congress passed the historic bipartisan Postal Service Reform Act. This bill, later signed into law, was a significant first step toward improving USPS's finances. The law repealed the burdensome pre-funding mandate that had saddled the agency for more than a decade at a cost of \$5 billion annually, costing the agency tens of billions of dollars between 2007 and 2022. NALC deeply appreciates the House Oversight Committee's work on that bill, including many members of this subcommittee, but from the start, we knew it was only a first step.

Two more changes are needed to improve the Postal Service's finances. The first addresses a long-overdue misallocation of pension liabilities between the self-sustaining Postal Service and the pre-1971 taxpayer-funded Post Office Department. The accounting problem was first revealed in a study by the USPS Office of Inspector General (OIG) in the early 2000s, then further came to light in 2010 when the Postal Regulatory Commission released the results of an independent audit conducted by The Segal Group. That audit (now commonly referred to as the "Segal report"), which was called for by Congress in the Postal Accountability and Enhancement Act of 2006 (PAEA), examined the Postal Service's assets and liabilities within the Civil Service Retirement System (CSRS). It found that the methodology used by the Office of Personnel Management (OPM) in its valuation of postal CSRS pensions did not meet the standard of "fair, equitable, or preferred [private-sector] methodology."

The Segal report recommended immediate reforms, and Section 802 of the PAEA authorized OPM to enact them. Unfortunately, over 15 years, OPM has declined to take

action, citing dubious legal obstacles and some real practical implementation problems. OPM's inaction continues to harm postal finances at a cost of \$3 billion annually and has shifted at least \$90 billion in unjust financial obligations onto the Postal Service. USPS has been paying more than its fair share into CSRS pensions for half a century, and it is well past time to correct the issue. NALC urged the Biden administration to stop the raid on postal pension funds. It is time for Congress to insist that the current administration finally implement these reforms.

Second, Congress should pass legislation to allow USPS to properly invest its retirement funds in higher-yielding financial assets.

The Postal Service has two retirement funds: the Civil Service Retirement and Disability Fund (CSRDF) (funding both CSRS and the Federal Employees Retirement System) and the Postal Service Retiree Health Benefits Fund (PSRHBF) for retiree health insurance. Currently, these funds are required to be invested solely in low-yield Treasury bonds, causing the agency to lose billions of dollars in potential annual returns. The Postal Service needs to be allowed to invest its retirement funds in higher-yield assets. NALC has proposed diversifying the investment portfolio with stocks and bonds by purchasing Thrift Savings Plan-style index funds. In fact, a 2017 USPS OIG report called the current Treasury-bond-only investment strategy the riskiest policy, noting that diversification would raise returns and reduce the risk of underfunding.

By investing its retirement funds better, the Postal Service's overall rate of return will begin to rise and ultimately help to reduce the Postal Service's normal cost payments for

postal pensions, lower and eventually eliminate amortization payments for unfunded retirement liabilities, save USPS and its employees billions annually, and reduce the need for postage rate increases for millions of mailers.

New leadership and threats of privatization

These necessary financial changes come at a pivotal moment for the agency, with the selection of a new postmaster general and looming threats of privatization.

I urge Congress to work with the new postmaster general to enact these two commonsense financial changes. Equally important is for Congress to guarantee that it values upholding the Postal Service's constitutionally mandated universal service obligation while remaining an independent, non-taxpayer-funded agency.

Letter carriers deliver to every address in the nation, from the most urban areas to the most remote. We serve every home and business without exception. Protecting the universal service letter carriers provide is key, and Congress should not allow any changes that reduce or slow down service. That is counterproductive to the goals we all share.

Given the incoming postmaster general's background in private shipping, it is no secret that NALC is deeply skeptical and disappointed in his selection by the USPS Board of Governors. We will work in good faith with the new PMG and will give him every chance to succeed. But he should know this: Americans love and trust the Postal Service and have never supported privatization. They want a thriving Postal Service that grows along with the country.

To ensure that prospect, the Postal Service must remain an independent non-partisan agency. Letter carriers fulfill a universal service obligation that no private shipper does—or would do. Without letter carriers fulfilling the universal service obligation, nearly 52 million rural addresses would receive no delivery service.

Many associate the Postal Service with “last mile” delivery, but in many parts of the country, it is much more than a mile. We are picking up mail and packages much earlier in the process, which is good for the Postal Service and our customers. We pick up the slack where private shippers can’t or won’t.

The Postal Service is a lifeline for American communities that can’t be jeopardized. Any privatization efforts threaten that. NALC urges every representative to co-sponsor H.Res. 70, which is close to reaching a majority of co-sponsors.

Furthermore, you cannot automate what letter carriers do. We do much more than deliver paychecks, bills, medications, ballots and essential packages. We keep an eye on our communities. I could list countless incidents of letter carriers saving lives, intervening in a crisis, spotting a neighborhood fire, and so much more. We hear stories like this nearly every day. We make America’s communities safer, all while providing an essential service. Automation cannot do that.

Safety concerns

As we head into the hottest weeks of summer, letter carriers nationwide face the danger of excessive heat.

As a letter carrier from Hattiesburg, Mississippi, I know this risk very well. Due to the strenuous physical nature of our work, letter carriers are among the workers most at risk of heat injury and illness. Many hundreds of letter carriers get sick from the heat each year, and tragically, some have even died.

Over the last decade, NALC has fought fiercely in a number of forums to protect letter carriers from the dangers of heat exposure. We have participated in extensive Occupational Safety and Health Administration (OSHA) litigation against the Postal Service, as well as engaged with the Postal Service directly to try to implement a more robust Heat Illness Prevention Plan that would better protect letter carriers. However, USPS management has repeatedly demonstrated that they are not willing to provide any protection beyond what current law and regulations require, which is proven to be insufficient.

The only way to truly mitigate the dangers that heat poses to letter carriers is to adopt OSHA's *Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings* proposed rule. NALC fully supports the implementation of this life-saving rule. Just last week, I testified before OSHA to express NALC's support and critical need for this rule. We appreciate any support the subcommittee can provide to advance the existing proposal as it moves through the rule-making process.

Modernizing the Postal Service's vehicle fleet is also essential to protect letter carriers from excessive heat. The Postal Service operates with a fleet that is largely made

up of vehicles that are nearly 40 years old. Letter carriers work in outdated, unsafe and unair-conditioned vehicles that do not best support the modern work of letter carriers.

NALC opposes any effort that would delay the release of new postal vehicles. Whether it is a gas or an electric vehicle, most important is that all letter carriers are in safer, air-conditioned vehicles as soon as possible.

While heat is top of mind given the season, the threat of violent crimes and assaults on the job is another serious threat to letter carriers. Since the COVID-19 pandemic, postal employees—and city letter carriers in particular—have experienced a significant increase in crime.

Between 2019 and 2023, the number of serious crimes against postal employees nearly doubled. In 2023, postal inspectors opened about 1,400 cases investigating assaults (542), robberies (628) and burglaries (197) against postal employees in almost 500 metropolitan areas across the country. More than two-thirds of these attacks involve a firearm or other weapon. Tragically, five letter carriers have been murdered while dutifully delivering the mail since 2022.

An increase in robberies is driving this spike in crime. Due to the solitary nature of our work and the valuable equipment and material we carry and access, city letter carriers have been the target in 90 percent of these robberies. While the assaults are increasing, the prosecution rates have remained alarmingly low. Criminals are robbing letter carriers—federal employees on the job in uniform—often with no consequence.

The Postal Service has begun implementing infrastructure changes that we hope will deter crime and reduce the number of attacks on postal employees. However, more needs to be done to protect letter carriers. The mail cannot be protected if the people who deliver it are not safe. NALC supports the bipartisan Protect Our Letter Carriers Act (H.R. 1065/S. 463), and we encourage Congress to pass this critical legislation to protect letter carriers and deter violent criminals.

When postal workers are safe, whether from heat, crime, or anything else, the Postal Service is stronger, more efficient, more reliable and can better serve the American people.

Conclusion

As referenced above, in a few short weeks, the Postal Service will celebrate its 250th anniversary. Older than our country itself, with roots in the Constitution, the Postal Service is still essential to keep our country connected. With Congress's support on necessary financial changes, the guarantee that the Postal Service remains an independent, non-taxpayer-funded agency, and protection of letter carriers and all postal employees at the forefront, I am confident that it will continue to thrive for the next 250 years.