



NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

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Statement of
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House Oversight and Accountability
Subcommittee on Government Operations

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Chairman Sessions, Ranking Member Mfume, and members of the subcommittee, thank you for permitting the National Association of Postal Supervisors (NAPS) the privilege to share with the subcommittee the views of the approximately 47,000 postal supervisors, managers and postmasters NAPS represents. I am Chuck Mulidore, Executive Vice President of NAPS.

As you may know, NAPS members serve as frontline guardians in securing and enhancing our national mail system by managing its processing, delivery, retail, administrative and support functions. NAPS members are proud of the 250-year history of the United States mail system and pledge to fight for its viability into the foreseeable future.

NAPS knows the subcommittee is aware that postal supervisors, managers and postmasters are essential to this nation's most-trusted federal agency and, therefore, NAPS is appreciative of the committee's statutory, diligent, comprehensive and necessary postal oversight.

NAPS values the chairman's and ranking member's appreciation that the Postal Service is not an autonomous, profit-driven corporate entity; rather, it is a national treasure, established in the U.S. Constitution for the benefit of our citizens. Its modern incarnation remains an independent establishment within the executive branch of our government and is a vital part of the nation's essential infrastructure. Noting the title of this hearing, "The Route Forward for the U.S. Postal Service: A View from Stakeholders," it's crucial to recognize that the Postal Service's most important stakeholder is the American public — your constituents.

As such, NAPS' testimony will focus on the impact recent operational changes have had on the Postal Service and how misguided proposed changes may have on the institution in the future. In contrast, NAPS suggests that Congress focus on strengthening the Postal Service to service the America public, with a deep recognition of postal-dependent communities throughout the nation and national commerce, which benefits from a resilient, national postal operation.

Indeed, the Postal Service is in a transition, welcoming a new Postmaster General in a few weeks. In addition, the Senate will be considering presidential nominees to fill two vacancies on the Postal Board of Governors. At this point, it is unclear what direction the new Postmaster General will take regarding the ongoing implementation of the postal reorganization plan initiated by his predecessor.

To the extent the Postal Service continues to proceed with its planned operational changes, it will be vital that the Postal Regulatory Commission (PRC) continue to exercise its regulatory oversight to ensure the American public and mailers are provided with high-quality mail service at an affordable price. For this reason, NAPS participated in the PRC proceeding that reviewed the "Delivering for America Plan" (DFA) and resulted in a valuable advisory opinion.

NAPS strongly recommends that members of the Subcommittee, if they have not already done so, review the PRC advisory opinion for its insight and recommendations. It is unfortunate that the Postal Service chose to dismiss these recommendations.

Postal personnel represented by NAPS have managed and experienced the complications of implementing the DFA. Staffing issues were widespread and postal facilities faced logistical difficulties. These issues were documented by the Postal Service's Inspector General, the Government Accountability Office and the PRC. Therefore, as the committee proceeds with "the route forward," it may want to consider strengthening authority of the PRC to enforce its advisory opinion, particularly when it comes to ensuring speed and reliability of mail service.

Much has been said about the Postal Service's ominous financial status. However, a considerable portion of the Postal Service's financial challenges are rooted in several decades-old harmful congressional and White House decisions that have destabilized the agency, both operationally and financially. For example, three decades ago, Congress imposed on the Postal Service retirement and health insurance charges intended to offset ongoing federal budget deficits. Inasmuch as Postal Service operations were funded by postage – not through annual appropriations – numerous past Congresses raided the Postal Service as a

cash cow to reduce the federal budget deficit. Ironically, this was after Congress, in 1989, moved the Postal Service "off-budget." This hard-fought action was intended to protect it from congressional budget tampering.

About 20 years ago, it was discovered that the Postal Service was overpaying into the Civil Service Retirement and Disability Trust Fund by about \$3 billion per year. Instead of refunding the Postal Service its overpayments and waiving future contributions, Congress forced the Postal Service to divert future overpayments into an "escrow fund," with the fund's disposition to be decided later by Congress. Subsequently, Congress enacted legislation to shift the military retirement credit of postal employees from the U.S. Treasury to the Postal Service. This budget sleight-of-hand pilfered the escrow and then some, totaling about \$27 billion.

And then, in 2006, Congress passed the Postal Accountability and Enhancement Act. One of the statute's provisions forced the Postal Service to prefund future retirement liabilities – an obligation carried by no other entity, public or private. The prospective assessment totaled \$5.5 billion to \$5.8 billion per year from 2007-2016. Fortunately, the 2022 Postal Service Reform Act relieved the agency of this punitive obligation. Indeed, when evaluating the Postal Service's current financial condition, an honest and responsible examination will consider the punitive and unfair way in which the Postal Service has been treated in the past.

NAPS supports two specific measures to help financially strengthen the Postal Service. First, NAPS promotes legislation to require the Office of Personnel Management to replace the unfair method it uses to calculate the Postal Service's Civil Service Retirement System liability for postal retirees employed by the Postal Service prior to 1971, the year in which the Postal Service transitioned from an executive branch agency into an independent establishment.

Second, NAPS supports the Postal Service having greater investment flexibility regarding its pension trust fund. Presently, the Postal Service may only invest in low-yield government bonds. The agency

should be able to invest in securities like those used by the Thrift Savings Plan life-cycle funds. The Postal Inspector General projected that had the agency had that authority, the Trust Fund would surpass the current balance by \$900 billion.

The route forward to financially and operationally strengthen the Postal Service does not include privatizing America's mail service or making it a subsidiary of another executive branch agency. These misguided proposals would lead the Postal Service off-course, potentially directing it over a cliff. Foreign governments that have abandoned postal operations and relinquished them to private operators have, for the most part, suffered from escalating postage rates and declining mail delivery speed and reliability. This is not the route the Postal Service should follow.

Furthermore, folding the Postal Service into an executive agency, such as the Department of Commerce, as was suggested earlier this year, does absolutely nothing to strengthen the agency. Such an action would weaken the capability of the Postal Service to respond to shifting market conditions and address immediate concerns of the mailing public.

In fact, the Commerce Department's core objective is incompatible with the historic mission of the Postal Service. Commerce is intended to promote the business community and global economic competitiveness. In contrast, the Postal Service was created to provide the American public with trusted, affordable and universal mail service, binding the nation together. Instead of toying with ill-conceived postal privatization and useless bureaucratic realignment, Congress should promote a type of postal governance that is conducted by experienced postal officials who fully understand the reliance and historic confidence the American public has in the institution.

In conclusion, NAPS is compelled to address two postal-related issues that entered the reconciliation debate. On April 30, the full committee approved by a single vote a provision that would have impacted future postal supervisors, managers and postmasters, hindered operational management and, ironically, increased the federal budget deficit. Specifically, section 90001 of the House Oversight and

Accountability committee print for H.R. 1 would have decreased the take-home pay by 5% of newly hired and newly promoted postal supervisors, managers and postmasters who choose to exercise their right to merit-based employment protections.

The pay cut would result from an increase in the Federal Employees Retirement System contribution. (This provision would not apply to postal employees belonging to collective bargaining units.)

Consequently, the proposal would deter the future recruitment of high-quality postal supervisors, managers and postmasters. Moreover, due to the unique budget treatment of the Postal Service, this proposal would have increased the federal budget deficit by \$111 million. As part of the Senate reconciliation process, Sen. Rand Paul proposed a much more punitive provision that would decrease the take-home pay for all future postal supervisors, managers and postmasters by 5% for those hired at-will and 10% for those who wanted merit-based protections.

Fortunately, Sen. Paul's proposal is subject to a "point of order" under the "Byrd Rule" and, therefore, will likely be stripped from H.R. 1. Chairman Sessions and members of the subcommittee, on behalf of the future supervisors, managers and postmasters that NAPS will represent, I respectfully request you remove any proposal to punish NAPS members by unfairly and punitively reducing their take-home pay.

Mr. Chairman, as the subcommittee charts the Postal Service's route forward, NAPS invites continuing dialogue with the chairman and members of the committee to ensure the viability and vitality of a universal, national mail system.

Thank you.