

Testimony of Thomas A. Schatz

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Before the House Subcommittee on Government Operations

“The Route Forward for the U.S. Postal Service: A View from Stakeholders”

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Mr. Chairman and members of the subcommittee, my name is Thomas A. Schatz, and I am president of Citizens Against Government Waste (CAGW). I appreciate the opportunity to testify before you today regarding the future of the U.S. Postal Service (USPS) on behalf of CAGW’s more than one million members and supporters as well as taxpayers across the country who support increased efficiency throughout the federal government.

CAGW was founded in 1984 by the late industrialist J. Peter Grace and nationally syndicated columnist Jack Anderson to follow up on the implementation of the recommendations made by President Ronald Reagan’s Private Sector Survey on Cost Control, also known as the Grace Commission, and other waste-cutting proposals. The commission made 2,478 recommendations with estimated savings of \$424.4 billion over three years.

Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government and has helped save taxpayers \$2.4 trillion through the implementation of Grace Commission findings and other recommendations.

The Grace Commission report on Board/Commissions – Business included 39 recommendations addressing the postal service’s delivery, excess property, finances, labor costs, personnel, processing, and procurement. Recommendation from CAGW and the organization’s

lobbying arm, the Council for Citizens Against Government Waste, have frequently been provided to the House Government Oversight and Accountability Committee, the Senate Homeland Security and Governmental Affairs Committee as well as in numerous blog posts, op-eds, and press releases.¹

CCAGW supported the Postal Service Reform Act of 2021, noting in a February 7, 2022, letter to the House of Representatives that, “H.R. 3076 does not address all of the agency’s problems, including closing excess facilities, high labor costs, and greater work sharing. But

¹ Citizens Against Government Waste (CAGW), “TAXPAYER GROUP BASHES POST OFFICE FOR RAISING RATES WHILE WASTE PILES UP,” November 13, 2000; <https://www.cagw.org/press/taxpayer-group-bashes-post-office-for-raising-rates-while-waste-piles-up/>; CAGW, “U.S. POST OFFICE IS APRIL PORKER OF THE MONTH,” April 5, 2001, <https://www.cagw.org/press/u-s-post-office-is-april-porker-of-the-month/>; CAGW, “USPS Races Downhill and Loses Money,” press release, July 8, 2003, <https://www.cagw.org/press/usps-races-downhill-and-loses-money/>; CAGW, “USPS Retail Operations Grossly Mismanaged,” July 10, 2003, <https://www.cagw.org/press/usps-retail-operations-grossly-mismanaged/>; Leslie Paige, “Dire Straits – USPS Floundering,” Leslie Paige, “Congressional Meddling In USPS Makes Bailout More Likely,” CAGW, January 30, 2012, <https://www.cagw.org/congressional-meddling-in-usps-makes-bailout-more-likely/>; CAGW, February 16, 2013, <https://www.cagw.org/dire-straits-usps-floundering/>; CAGW, “CAGW Names Sen. Elizabeth Warren February Porker of the Month,” February 18, 2014, <https://www.cagw.org/article/cagw-names-sen-elizabeth-warren-february-porker-of-the-month/>; CAGW, “CAGW Blasts New Ideas for USPS Expansion,” July 27, 2015, <https://www.cagw.org/press/cagw-blasts-new-ideas-for-usps-expansion/>; Rachel Cole, “USPS Poorly Manages Owned Properties and Gas Rights,” CAGW, October 12, 2016, <https://www.cagw.org/usps-poorly-manages-owned-properties-and-gas-rights/>; CAGW, “CAGW Marks 11 Straight Years of Financial Losses,” November 17, 2017, <https://www.cagw.org/press/cagw-usps-marks-11-straight-years-of-financial-losses/>; CAGW, “CAGW Names Sen. Kirsten Gillibrand May 2018 Porker of the Month,” May 21, 2018, <https://www.cagw.org/article/cagw-names-sen-kirsten-gillibrand-may-2018-porker-of-the-month/>; CAGW, “Citizens Against Government Waste USPS Task Force’s Final Results,” December 4, 2018, <https://www.cagw.org/press/citizens-against-government-waste-highlights-usps-task-forces-final-report/>; Leslie Paige, “After decade fiscal malpractice, little cost savings at Postal Service,” *The Hill*, April 16, 2019, <https://thehill.com/opinion/finance/439062-after-decade-of-fiscal-malpractice-little-cost-savings-at-postal-service/>; Thomas Schatz, “USPS Losses Deepening,” May 10, 2019, CAGW, <https://www.cagw.org/usps-losses-deepening/>; CAGW, “Citizens Against Government Waste Leads Coalition Letter to USPS Board of Governors,” September 18, 2019, <https://www.cagw.org/press/citizens-against-government-waste-leads-coalition-letter-to-usps-board-of-governors/>; CAGW, “CAGW: USPS Continues to Report Losses,” February 28, 2020, <https://www.cagw.org/press/cagw-usps-continues-to-report-losses/>; Thomas Schatz, “GAO Delivers Late on USPS Reforms,” October 4, 2021, CAGW, <https://www.cagw.org/gao-delivers-late-on-usps-reforms/>; Eric Maus, “Postal Reform Should Be Passed by the Senate,” Council for Citizens Against Government Waste (CCAGW), March 8, 2022, <https://www.cagw.org/postal-reform-should-be-passed-by-the-senate/>; CCAGW, “CCAGW Makes Recommendations for USPS Ahead of Oversight Hearing,” May 11, 2023, <https://www.ccagw.org/legislative-affairs/letters-officials/ccagw-makes-recommendations-usps-ahead-oversight-hearing/>; Eric Maus, “House Oversight Subcommittee Holds USPS Accountable at Hearing,” CAGW, May 18, 2023, <https://www.cagw.org/house-oversight-subcommittee-holds-usps-accountable-at-hearing/>; Thomas Schatz, “USPS Delivering for America Plan Needs to Deliver More,” CAGW, October 29, 2024, <https://www.cagw.org/usps-delivering-for-america-plan-needs-to-deliver-more/>; Thomas A. Schatz, “Testimony Before the House Oversight and Accountability Committee on Reforms to the USPS,” December 10, 2024, CCAGW, <https://www.ccagw.org/legislative-affairs/congressional-testimony/testimony-house-oversight-and-accountability-committee>.

Section 202 of the bill codifies an integrated delivery network of packages and mail together six days a week. This provision is supported by the USPS, the Postal Regulatory Commission (PRC), mailers, shippers, and pro-taxpayer organizations. Requiring the USPS to create separate delivery systems for packages and mail would increase costs, slow down delivery, and raise prices for customers.”²

The letter also cited the costs of separate networks, which was estimated at \$15 billion annually by the PRC, along with “a fleet of new vehicles and tens of thousands of new employees.”³ There would be little likelihood that the USPS would become profitable while the possibility of a taxpayer bailout and annual subsidy would be substantially increased.

The letter also cited the legislation’s prohibition against non-postal commercial businesses including financial services, which has been the subject of numerous commentary and communications, including a September 19, 2019, coalition letter to the USPS Board of Governors. The letter stated, “An entity so financially unstable that it struggles with the primary functions of tracking costs and projecting savings in its core operations should not expand into non-core businesses in private markets where it does not have recognized credibility or expertise. ... Alternatively, as in the case of postal banking, the USPS is chasing illusory and unrealistic revenue estimates, without any serious consideration of the associated regulatory complexity and risk. All proposals to have the USPS enter into financial services should be rejected.”⁴

² CCAGW, “CCAGW Urges House of Representatives to Support H.R. 3076,” February 7, 2022, <https://www.ccagw.org/legislative-affairs/letters-officials/ccagw-urges-house-representatives-support-hr-3076>.

³ Ibid.

⁴ CAGW, “CAGW Leads Coalition Letter to USPS Board of Governors,” September 19, 2019, <https://www.ccagw.org/legislative-affairs/letters-officials/cagw-leads-coalition-letter-usps-board-governors>.

CCAGW's February 28, 2022, letter to the Senate urging support for H.R. 3076 made similar arguments.⁵

Unfortunately, the promise of improvement in the financial condition and core functions of the USPS have not been delivered in large part due to the failed Delivering for America (DFA) plan. The stated goal of the DFA was to transform the postal service and reduce costs. But it has consistently fallen short of its goals and the USPS has repeatedly reported financial losses. On November 14, 2024, the USPS reported a loss of \$9.5 billion for Fiscal Year (FY) 2024, which is 46 percent greater than the FY 2023 loss.⁶

The USPS Board of Governors has announced David Steiner as the next postmaster general (PMG). This decision comes at both a momentous time as the USPS will celebrate its 250th anniversary in July and a perilous time given its financial condition. The Government Accountability Office has had the USPS on its High-Risk List since 2009 and has called its business model “unsustainable.”⁷ It has lost money in every quarter since 2009, is running out of cash, and has failed to deliver adequate service across the country.

In my June 16, 2025, op-ed in *The Hill*, I made several suggestions for Mr. Steiner, which I also propose to the subcommittee today:

“First, the USPS should continue to make its top priority the delivery of mail and packages, together, six days a week, to every address everywhere across America. This universal service obligation was codified again by Congress in 2022. While the private sector

⁵ CCAGW, “CCAGW Urges Senate to Support H.R. 3076,” February 28, 2022, <https://www.ccagw.org/legislative-affairs/letters-officials/ccagw-urges-senate-support-hr-3076-0>.

⁶ U.S. Postal Service, “U.S. Postal Service Reports Fiscal Year 2024 Results,” November 14, 2024, <https://about.usps.com/newsroom/national-releases/2024/1114-usps-reports-fiscal-year-2024-results.htm>

⁷ Government Accountability Office (GAO), “HIGH RISK SERIES,” February 2025, <https://www.gao.gov/assets/gao-25-107743.pdf>.

has expanded its deliveries, no single company or group of companies matches the last mile delivery that has always been made by the USPS.

“Second, consistent with President Trump’s executive orders to make the federal government more efficient, the USPS should increase its work with the private sector on processing, logistics, and transportation of mail and packages close to their final destinations. The private sector has performed these tasks for decades, and the USPS should take greater advantage of the cutting-edge technology and flexible contracting arrangements that will allow these tasks to be performed more efficiently.

“To achieve these two overriding objectives and get the USPS on the right track quickly, Mr. Steiner must address the largest impediment to improving its financial position and improving service.

“He should immediately pause implementation of the agency’s Delivering for America (DFA) plan. The USPS Office of Inspector General (IG) Fall 2024 Semiannual Report to Congress identified complications and risks associated with the implementation of the DFA.⁸ Serious concerns about the DFA were also raised in Senate and House hearings in December 2024.⁹ In addition to hitting the brakes on the DFA, the new PMG should make the following three changes.

⁸ United States Postal Service Office of Inspector General, “Semiannual Report to Congress,” Fall 2024, https://www.uspsoig.gov/sites/default/files/reports/2025-02/FY2024_Fall_SARC.pdf.

⁹ Eric Katz, “‘GOP senator to DeJoy: I will ‘kill’ your plan to reform USPS,” *Government Executive*, December 6, 2024, <https://www.govexec.com/management/2024/12/gop-senator-dejoy-i-will-kill-your-plan-reform-usps/401495/?oref=ge-topic-lander-top-story>; Sean Michael Newhouse, “House committee piles on criticism of DeJoy’s postal overhaul plans,” *Government Executive*, December 10, 2024, <https://www.govexec.com/management/2024/12/house-piles-criticism-dejoys-postal-overhaul-plans/401577/>.

“First, he should impose an immediate moratorium on spending billions of dollars on new USPS processing facilities which it cannot afford and duplicate existing efficient private sector operations. There should also be an analysis of the USPS’s entire real estate portfolio to determine what is needed to only deliver mail and packages six days a week.

“Second, there should be an immediate hiring freeze for all non-delivery positions, especially as mail volume continues to decline. Labor constitutes 80 percent of USPS costs, and rather than trimming the number of employees, former PMG Louis DeJoy converted 195,000 positions from part-time to full-time. The hiring freeze should exempt letter carriers, since addresses continue to expand nationwide and delivery to every address is the core of the USPS’s mission.

“Third, the misnamed “Regional Transportation Optimization” (RTO) initiative should be terminated. The USPS is cutting in half the number of times it goes to more than 24,000 post offices, located mostly in rural areas, to pick up mail and packages. The Postal Regulatory Commission (PRC) [excoriated](#) the RTO in a January 31, 2025, Advisory Opinion. The PRC determined that it had a negative impact on service, overstated its savings, and used a defective model that will fail to create a more efficient network than it is currently using.¹⁰

“The universal service obligation does not have exceptions for any part of the United States. Mr. Steiner should end the RTO and restart mail and package pickup twice a day at all post offices.

¹⁰ Postal Regulatory Commission, “Postal Regulatory Commission Issues Advisory Opinion on USPS Delivering for America – PRC finds DFA has significant problems, especially in rural areas PRS urges the Postal Service to reconsider its DFA plan,” January 31, 2025, <https://www.prc.gov/press-releases/postal-regulatory-commission-issues-advisory-opinion-usps-delivering-america-prc>.

“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 USPS to revitalize its sagging fiscal outlook and continue to connect communities with affordable and efficient delivery of mail and packages. That would be something to celebrate along with the rest of the festivities for America’s 250th anniversary.”¹¹

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

¹¹ Tom Schatz, “A Blueprint for the new postmaster general,” *The Hill*, June 16, 2025, <https://thehill.com/opinion/5351541-us-postal-service-changes/>.