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My name is Paul Hogrogian, and I am the National President of the National Postal Mail Handlers Union, the exclusive collective bargaining agent for over 55,000 Mail Handlers employed by the United States Postal Service (USPS). Mail Handlers work in all of the nation's large postal plants throughout the 50 States and Puerto Rico. We are responsible for loading and unloading trucks, transporting mail within the facility, preparing, sorting, and containerizing the mail for distribution and delivery, and operating a host of machinery and automated equipment. Mail Handlers are an essential part of the mail processing and distribution network utilized by the Postal Service to move more than 165 billion pieces of mail each year.

Earlier this year, the Postal Service issued a dire warning that it expects to run out of cash by the end of the year. Finances shared during the recent USPS Board of Governors meeting showed a loss of $2 billion as well as a 6.7 percent decrease in mail volume when comparing the second fiscal quarter of 2026 to the same period in 2025. In order to meet performance standards for customers without impacting employment, the Postal Service enacted cost saving measures to help lessen financial stress in the short run while long term solutions are implemented. One such measure was deferring USPS' payments to the Federal Employee Retirement System (FERS) for the remainder of the fiscal year. The Postal Service estimates this measure will make about $2.5 billion available. While this action is temporary, there are fiscal changes that can and should be made to provide the Postal Service with long-term financial relief.

The Civil Service Retirement System (CSRS) is the older of the retirement programs. It applies only to postal and federal employees hired before 1984, and only covers a minority of postal employees. The methodology for calculating USPS' CSRS expenses is flawed, as it misconstrues employees' salary and requires the USPS to cover the full cost of CSRS benefits – a requirement that does not apply to any other federal agencies. The USPS Office of Inspector General, the USPS, the NPMHU and other stakeholders have all called for action from the Executive Office to update allocation methodologies for CSRS payments which, according to the Postal Service, could provide $14 billion in savings over ten years.

The Postal Service is also handcuffed by how it can invest its retirement funds, as they are managed by the Office of Personnel Management and the Treasury Department. Currently, these funds may only be invested in Treasury securities, which generate low rates of return. The OIG has repeatedly reported that, if USPS had been permitted to have diversified investments of 60 percent stocks and 40 percent bonds, those investments would have generated billions in previous fiscal years. Allowing USPS to appropriately and responsibly invest retirement funds would lower the Postal Service's retirement costs. Congress should advocate changing the accounting practices to calculate CSRS liabilities. This change can be done through executive order and does not need congressional action. These accounting changes will offer significant financial relief to the Postal Service, allowing it to focus on operations and improving the network.

Finally, the Postal Service has borrowing authority from the Treasury Department to maintain liquidity and fund operational expenses. The borrowing limit is currently set at $15 billion. That limit was set back in 1992 and has not grown with inflation. We support Postmaster General David Steiner's call for an increase to $34 billion. This increase will allow USPS to address overdue maintenance issues in facilities and make necessary comprehensive capital investments that will improve performance for customers.

In addition to these fiscal changes, the Postal Service is currently in the middle of a comprehensive redesign of its network. USPS has struggled with decreased mail and parcel volume, delivery standards, and finances for well over ten years. It is the goal of this redesign to increase efficiencies for postal customers. USPS is establishing Regional Processing and Distribution Centers (RPDCs) in approximately sixty metropolitan areas across the country. These RPDCs would consolidate all originating letters, flats, and parcels, and all destinating parcels from all mail processing facilities within a metropolitan area into one mega-processing center.

Additionally, USPS is implementing a pilot program that would create Regional Transfer Hubs (RTH) to which originating sites would send mail to respective regional hubs. This would allow other originating distribution centers to greatly reduce the number of separations they process. There currently are 15 RTH operational with plans for several more.

Providing the Postal Service with financial stability through the changes described above will allow the fruition of this redesign to be fully met.

The NPMHU understands financial changes need to be made in order to promote fiscal stability to the Postal Service. That stability should not be achieved on the backs of Mail Handlers, and cannot be done at the expense of performance.

Thank you for holding this hearing today, Chairman Sessions and Ranking Member Mfume. As all stakeholders are invested in the success and sustainability of the Postal Service, these hearings offer meaningful insight as to how we can work together to ensure the USPS is viable for another 250 years.