Postal finances in context

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In November the Postal Service announced its financial results for the 2024 fiscal year, which included a net loss of $9.5 billion. This announcement comes as the agency faces strong headwinds addressing a dual challenge—navigating the negative impact of the recent pandemic (and the related inflation that followed) on mail volume and stamp prices, while also attempting to restructure itself to meet the country's evolving postal needs.

The pandemic led many mailers to cut back on their mail volume, and most of that mail has not returned. This business reduction has been accompanied by inflation, which sharply increased Postal Service costs, leading it to raise stamp prices, which in of itself has contributed to lower mail volume. This is key, since the Postal Service is solely funded through earned revenue, not tax dollars.

Separately, but equally significant, USPS is in the midst of a 10-year plan to transform its operations to meet the rising demand for package delivery. It is making the needed investments to transform its networks, which were built mostly for now-declining letter mail, to handle surging parcel volume and a changing mix of First Class and Marketing Mail. On an operational level, initial positive results are starting to show—but there is much to do to achieve financial stability.

The $9.5 billion loss would have been even higher if not for NALC's successful effort to eliminate the unfair mandate that the Postal Service pre-fund future retiree benefits (at a yearly cost of $5.5 billion). Still, the recent annual loss, following the previous year's $6.5 billion deficit, is unsustainable. This challenging financial context will continue to shape the legislative and political challenges our union will face in 2025 and beyond.

We know that letter carriers' work is an indispensable part of our society and democracy. In fact, the Postal Service is one of the few federal entities based in the Constitution because the Founding Fathers knew the role it would play in uniting our vast country. This universal network, powered by letter carriers who deliver to 169 million addresses six—and even seven—days a week, remains our nation's most secure communications network.

This is why it is critical for political leaders to do everything they can to support letter carriers by helping USPS weather this financial uncertainty. Unfortunately, they have repeatedly fallen short. Even something as obvious as pre-funding reform took more than a decade for lawmakers to fix.

We are waiting for two simple, long-overdue steps to be taken. One would be to stop the raid on postal pension funds and correct the misallocation of pension liabilities by implementing the 2010 Segal Report's recommended reforms. That would have saved the USPS $3.2 billion in 2024. Unfortunately, the three most recent administrations (Obama, Trump and Biden) have failed to take executive action to direct the Office of Personnel Management to fairly value the Postal Service's pension liabilities.

The other step, which would require legislation, would be to allow the Postal Service to invest its retirement funds in safe private-sector securities, instead of only in low-yielding Treasury bonds. That would, over time, produce billions of dollars in additional annual revenue, having a positive impact on USPS finances.

These commonsense actions will be among our top priorities as the new Congress convenes and the second Trump administration takes office. I have no doubt that our great union will play a leading role in executing these efforts.

It is no secret that our recent round of collective bargaining took place in this environment of extreme financial stress. While some businesses, including in the shipping industry, are recording profits, the Postal Service continues to post losses. This setback, however, doesn't reduce our commitment, weaken our fighting spirit or alter our goal of achieving fair wages and improved working conditions.

Those who were letter carriers during our last round of collective bargaining, and before that, know this is not the first time we have negotiated during a challenging financial situation. That said, the recent period has been unique because the financial stress that began with the Great Recession of 2008-09 was severely deepened by the COVID-19 pandemic. This is why we stayed in the fight for 20 tireless months to reach a fair and rewarding tentative agreement that now is subject to a ratification vote, rather than pursuing interest arbitration, where the Postal Service is certain to lean on its financial instability.

Part of being a skilled negotiator is understanding what your counterpart's next move or argument might be. While we built an excellent and strong case for arbitration, after weighing the Postal Service's projected—and now announced—losses, among many other factors, I felt confident that the tentative agreement we reached was far more favorable to every single one of our active members than an arbitration board's decision would be.

The future of the tentative agreement is now up to our active members. I encourage all voting-eligible members to inform yourselves about the tentative agreement and understand what it would mean for your pay, working conditions and future. I urge you to carefully review the materials that are on nalc.org and that were sent to you. Most importantly, please be sure to complete your ballot and mail it back. As always, your vote is your voice.