

USPS moves to suspend pension payments amid deepening financial crisis

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10 April 2026

The United States Postal Service (USPS) has suspended payments to its employees' pension program, amid a mounting liquidity crisis.

Postmaster General David Steiner told the House Oversight Committee in March: "At our current rate we will be out of cash in less than 12 months," Steiner warned. "So in about a year from now the Postal Service will be unable to deliver the mail if we continue the status quo."

In response, USPS leadership has initiated an emergency cash conservation plan. Beginning April 10, the agency will temporarily suspend its biweekly employer contributions to the Federal Employees Retirement System (FERS), which covers approximately 99 percent of career postal workers.

These payments, typically about \$200 million every two weeks, amount to roughly \$400 million per month. By halting them, USPS expects to free up approximately \$2.5 billion through the end of the fiscal year, providing a temporary buffer to sustain operations.

Chief Financial Officer Luke Grossmann framed the decision as a matter of prioritizing the immediate risk of running out of cash, which he argued, outweighs the longer-term risks to pension funding. He emphasized that current and future retirees are not expected to face immediate impacts.

However, the move effectively converts workers' deferred compensation into a financial backstop for the agency's day-to-day operations, raising concerns about precedent and long-term stability. This move likely paves the way for future cuts, privatization of retirement assets, and the speculative investment of remaining funds, all outcomes that align with the broader goals of privatization.

Congressional and management proposals to change

pension rules and pension fund investment authority are already being floated.

What is being presented by officials as a sudden fiscal emergency is, in reality, the culmination of decades of policy decisions that have systematically weakened the public postal system. In 1971, following a massive national wildcat strike against the Nixon administration, the post office was demoted from a cabinet-level department of the federal government to a self-funding independent agency, USPS.

This has been used to justify repeated rounds of cuts, including the most recent "Delivering for America" restructuring program. This aims to adopt an Amazon-style logistics model prioritized for package delivery while expanding a 'non-career' workforce characterized by low pay and precarious job security.

The program has been a disaster for workers. New and renovated facilities, designed to exploit workers to the limit, are unsafe and have led to a series of workplace fatalities. This includes the deaths of Nick Acker in Michigan and Russell Scruggs in Georgia last November. The USPS Workers Rank-and-File Committee responded to their deaths by launching an independent investigation into workplace conditions at the post office.

At the heart of the funding crisis is a fundamental shift in USPS's revenue model. The agency is legally required to provide universal service to 168 million addresses, six days a week, regardless of profitability. Yet its most core revenue stream, First-Class Mail, has declined dramatically.

Since 2007, First-Class Mail volume has fallen by more than 50 percent, driven by the rapid digitization of communication. This collapse has not been offset by growth in package delivery, which, while expanding, operates on thinner margins and faces intense

competition from private carriers.

The financial consequences are that USPS reported a \$9 billion net loss for fiscal year 2025, continuing a pattern of persistent deficits that management now cites to justify sweeping operational and workforce changes.

To address the impending cash exhaustion, projected for as early as February 2027, the USPS management is considering other schemes, such as a 4-cent increase for First-Class Mail Forever stamps to 82 cents. It is also courting large corporations for delivery contracts, undermining the agency's universal service mandate.

Furthermore, Steiner has requested Congress to raise the agency's decades-old \$15 billion borrowing cap to \$34.5 billion to provide the necessary flexibility to execute "reforms." He says that without legislative action or significant operational changes, including reducing delivery days, the agency faces a potential stoppage of mail delivery.

The same ruling establishment claims there is 'no money' for public services while funneling trillions into military expenditures, war, and corporate bailouts. Even as the post office is on the brink of insolvency, Trump has requested \$200 billion in funding for the Iran war and a 50 percent increase in the next military budget to \$1.5 trillion.

Far from mobilizing any genuine opposition to these reactionary measures, the postal union bureaucracies are falling into lockstep with management. The National Association of Letter Carriers (NALC) and the National Rural Letter Carriers' Association (NRLCA) have long functioned as junior partners in the implementation of the 'Delivering for America' restructuring program.

The American Postal Workers Union (APWU) has signaled its alignment with the scorched-earth policies advanced by Steiner and his bipartisan backers in Congress.

In a cynical dispatch to its membership titled 'US Mail Not For Sale,' the APWU leadership explicitly endorsed Steiner's so-called 'commonsense policy fixes,' insisting that these 'reforms' which are nothing more than a blueprint for massive cuts, 'must happen as soon as possible.'

While paying lip service to the threat of privatization, the APWU apparatus promotes the very fiscal framework used to justify the assault on the workforce. Even as it claims to urge workers to 'get ready for the

fight to come,' the union bureaucracy offers no concrete strategy to oppose mass layoffs, the suppression of wages, or the relentless expansion of a precarious, 'non-career' workforce.

For rank-and-file workers, "getting ready for the fight to come" means organizing independently of the union bureaucracy through a network of rank-and-file committees to prepare action from below. Such committees will provide the framework to unite postal workers across facilities, job classifications and appeal to workers across the country for support.

A key objective must also be to link up with postal workers worldwide, where similar cuts are taking place. Workers at Canada Post are preparing to vote on sellout contracts that would pave the way for thousands of job cuts.

The USPS Workers Rank-and-File Committee, in line with postal committees in other countries in the International Workers Alliance of Rank-and-File Committees, has been founded to advocate and encourage this strategy among postal workers.



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