

IS THE U.S. POSTAL SERVICE GOING DOWN THE TUBES?

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As if the global pandemic hasn't upset our world enough, there's another issue looming that may give us an especially unwelcome jolt.

It's the growing threat to the hallowed U.S. Postal Service, the Constitutionally-mandated Federal agency that is trusted by more than 91% of Americans. Various dates have been reported in the press – end of June or September- for when the Postal Service will “run out of money” and possibly close.

It isn't 'new' news that the Postal Service has been in dire financial straits for a number of years but the Covid-19 pandemic has delivered yet another blow. Advertisers have stopped mailing flyers and first class mail has declined precipitously. Only the package delivery service has increased in volume because of the enormous amount of online ordering that people are doing to obtain food, medicine, and household supplies.

On the human level, some 660 postal employees, out of a total of 620,000 country-wide, have been affected by the disease, despite the Service taking precautions to protect workers and customers. If you've visited our Post Office lately, you've seen the protective Plexiglas screen, the markers to assure safe distancing, and the masks and gloves worn by our postal clerks.

A LITTLE HISTORY

As most know, Benjamin Franklin was the nation's first postmaster, establishing the new service in 1775 to promote the dissemination of information throughout the fledgling nation and, incidentally, to raise revenue. (Article 1, Section 8, US Constitution.) In 1792 the cabinet-level Post Office Department was established. The Post Office has literally been the connective tissue that has held the country together through wars, depressions, and societal changes. And we take it for granted. It's a public service that for two centuries was supported by Congressional appropriation.

Along came the Postal Reorganization Act of 1971, to which many observers attribute the service's financial tribulations. The Act abolished the cabinet-level Post Office Department and created the U.S. Postal Service as an “independent establishment of the Executive branch” of the government. To simplify, from this point on the Postal Service became a quasi-independent agency that was required to “pay its own way.” The mandate still exists “to provide postal services to all communities” but Congress no longer appropriates the funds.

The recently-enacted CARES Act did not include any emergency funding for the Postal Service. Supporters of the Postal Service say its workers are on the frontlines of the

pandemic crisis, delivering essential information, packages, and services to the American people-services we can't afford to lose. Legislation has been introduced in the House of Representatives to include relief to the Postal Service in the next stimulus package -the Heroes Act- which the Senate has yet to take up. Passage is problematical at best.

FINANCIAL BURDENS

Apart from vast technological changes (think internet) the Postal Service is burdened by 2006 congressional legislation to pre-fund its health benefits for retired employees. The agency has stopped making those payments. As the Postal Service's 2019 Annual Report to Congress points out, "We are relying on Congress to enact effective postal reform legislation, the centerpiece of which must be a requirement that postal retirees enroll in Medicare. "

The U.S. Postal Service Annual Report for FY 2019 actually showed a gain in revenue over the previous year, as the Postal Service compensated for loss of first class mail by increasing its package delivery service.

And that leads to an ongoing controversy about the contracts that the Postal Service negotiates with Amazon, FedEx, UPS, and others for "last-mile "package delivery. President Trump, in whose jurisdiction the Postal Service falls, has been adamant in demanding that the Postal Service charge higher prices for this service. Some of this is reportedly fueled by the President's apparent dislike of Amazon's CEO. A recent unknown is the appointment of a new Postmaster General to replace the retiring Megan Brennan. The new appointee, Louis DeJoy, is a North Carolina businessman and Trump supporter, whose company at one time repaired Postal Service equipment including mail bags and hampers. He is said to have sold the company in 2014. Observers are reserving judgment on this businessman's ability to rescue the Postal Service. DeJoy takes office on June 15 and is the fifth outsider to hold the job of Postmaster General since 1971.

WHAT'S NEXT? PRIVATIZATION?

What if the Postal Service were privatized? Supporters point to successful privatization in a number of countries, include Britain, Germany, the Netherlands, and New Zealand. If it works there, why couldn't it here? The Post Office might then be able to offer a range of services: it could be a bank, a retail shop, a café, or a place where you could renew your passport.

Other ideas that have been put forward to solve the Postal Service crisis include reducing the number of delivery days – In New Zealand, mail is delivered on three days of the week in urban areas. Post offices in tiny, remote rural areas could be phased out and the mail distributed in grocery or convenience stores.

If you would like to delve more deeply into the Postal Service woes and possible "fixes," the

May 20 “On Point” program aired on WBUR presented an excellent and thoughtful overview. You can hear it live <https://www.wbur.org/onpoint/2020/05/20/economic-troubles-privatization-postal>

WHO FUNDS THE POSTAL SERVICE?

Not you, the taxpayer!

Since 1970, the Postal Service has operated from revenue it raises from stamp sales and other products. (Suggestion to concerned readers: buy more stamps!) But it has struggled with the decline in first-class mail and the burdensome requirement to pre-fund its health benefits for retired employees. It has run up huge debts, borrowing from the U.S. Treasury. For years Congress has debated new subsidies and ways to alleviate its financial problems but hasn’t been able to agree on a solution. Package delivery has accounted for about 30 percent of its revenue and as we know, that part of the business is growing.

WHO ACTUALLY RUNS THE POSTAL SERVICE?

The Postal Regulatory Commission (PRC) is the governing body. It is a bipartisan, five member group, with each member appointed by the President for a six year term. It was created by the Postal Reorganization act of 1971. On May 20 the Chairman, Robert Taub, released this statement:

“The ongoing pandemic is exacerbating the Postal Service’s longstanding financial problems, but under current law the universal service obligation is largely undefined and Congress must consider how best to reassess and determine the level of universal postal service the nation requires.” 182020<https://morningconsult.com/opinions/ensuring-universal-postal-service-is-delivered-to-america/>

A May 7 report from the General Accountability Office (GAO) does indeed toss the problem back into the hands of Congress. Given the current political climate of non-action in Washington, it is likely that redefining the mission of the postal service is not a top priority for legislators at this moment. Concern over the state of health of the Postal Service seems to intensify and then subside. The still-unknown effects of Covid-19 may be the tipping point that results in a new business model altogether or possibly a “retake” of the Service into the hands of Congress from its current position within the Executive Branch.