

THE NEXT BAILOUT? The Post Office Has Lost Nearly \$20 Billion In Four Years

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Announcing a [\\$2.2 billion first quarter loss](#) for 2011, the U.S. Postal Service warned it would become insolvent unless Congress takes action.

The institution has already lost a shocking \$20 billion since 2007.

The reasons are obvious. The amount of mail sent through the Post Office dropped by 12 billion pieces a year from 2006 to 2009 — from 213 billion to 177 billion pieces. And it is expected to drop to 150 billion by 2020, according to the [WSJ](#).

The USPS has cut costs in light of this decline, but not enough, and does not plan on making money any time soon.

To cover its losses, the Post Office took a soon to be depleted, \$15 billion line of credit from the U.S. Treasury in the early 1990's, and has been drawing on it ever since. Even this, combined with \$9 billion in cost cuts, and the elimination of 105,000 full time jobs in the last two years, has done nothing to help.

Thus USPS officials are now asking Congress to skip their annual \$5.4 billion retiree health benefit prepayment and to adopt a pay-as-you go system; the same method currently used by states like California, that can't meet their obligations.

In fact, the Postal Regulatory Commission claims that the Post Office has overpaid the system [\\$50 to \\$75 billion](#) throughout the years, and consequently it asks the Federal Government to assume the health care burden of its retired workers. The postal union says this would cover retiree who earned pensions prior to 1970, when the law that reformed the Post Office came into effect.

Some kind of bailout is coming, or the end of an institution.



Image: USPS

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