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A Manufactured 'Crisis': Congress Can Let The Post Office Save Itself Without Mass Layoffs Or Service Reductions

Zaid Jilani on Sep 28, 2011 at 11:40 am

In the news media and a number of politicians have claimed recently that the U.S. Postal Service (USPS) is in "crisis," and that it is necessary to lay off thousands of workers or reduce service in order to make the post office fiscally stable. And the Post Office itself has proposed laying off as many as 120,000 employees and withdrawing from federal health care plans in order to navigate upcoming fiscal crunches.

It is true that USPS is facing fiscal challenges — it lost nearly \$20 billion over the last four years and is at risk of not being able to meet a \$5.5 billion mandated payment to the Treasury at the end of this month (which has been put off six weeks thanks to the last continuing resolution in Congress).



But what has been lost in the political debate over the Post Office is *why* it is losing this money. Major media coverage points to the rise of email or Internet services and the inefficiency of the post model as the major culprits. While these factors may cause some fiscal pain, almost all of the postal service's losses over the last four years can be traced back to a single, artificial restriction forced onto the Post Office by the Republican-led Congress in 2006.

At the very end of that year, Congress passed the Postal Accountability and Enhancement Act of 2006 (PAEA). Under PAEA, USPS was forced to **"prefund its future health care benefit payments to retirees for the next 75 years in an astonishing ten-year time span"** — meaning that it had to put aside billions of dollars to pay for the health benefits of employees it *hasn't even hired yet*, something "that no other government or private corporation is required to do."

As consumer advocate Ralph Nader noted, if PAEA was never enacted, USPS would actually be facing a \$1.5 billion surplus today:

By June 2011, the USPS saw a total net deficit of \$19.5 billion, \$12.7 billion of which was borrowed money from Treasury (leaving just \$2.3 billion left until the USPS hits its statutory borrowing limit of \$15 billion). This \$19.5 billion deficit almost exactly matches the \$20.95 billion the USPS made in prepayments to the fund for future retiree health care benefits by June 2011.

If the prepayments required under PAEA were never enacted into law, the USPS would not have a net deficiency of nearly \$20 billion, but instead be in the black by at least \$1.5 billion.

In order to remedy this problem, Rep. Stephen Lynch (D-MA) has introduced bipartisan legislation (which has 193 co-sponsors) that would allow the USPS to spend more of its own money to pay down its deficits, including \$6.9 billion in pension overpayments or other overpayments that may total as much as \$25 billion to \$50 billion. These are Post Office funds, not taxpayer dollars.

Meanwhile, Rep. Darrell Issa (R-CA) has been pushing for legislation that would lead to widespread layoffs and break the back of the postal workers' unions to defuse the "crisis" that Congress created. Yesterday, thousands postal workers and the Americans who value their contributions to our society held hundreds of rallies at congressional offices across the country to support Lynch's bill and to protest against Issa's. Here's are some snapshots of the demonstrations:



Phoenix, AZ.



Baltimore, MD.



Pasadena, CA.



Syracuse, NY.

It's up to Congress to act to allow the Post Office to save itself, lest it become a victim of a crisis that Congress itself manufactured.

UPDATE Some more photos from the demonstrations in Madison, Wisconsin. (HT: [@CityOfContempt](#))

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