



USPS Reform in Name Only

Chris Edwards

March 7, 2022

The House recently passed the Postal Service Reform Act with bipartisan support. The Senate is expected to take up the bill in March. The bill bails out the U.S. Postal Service's retirement health plan and entrenches six-day delivery. That is not "reform," as it does not fix any core problems of the troubled government corporation.

The main problem facing the USPS is that first-class mail volume has fallen 49 percent since 2001 because of the rise of email, online bill-paying, and other electronic services. The USPS has a monopoly over first-class mail, so the decline has contributed to more than a decade of financial losses at the government-owned corporation.

Private companies facing falling demand cut costs and improve efficiencies, but Congress limits the ability of the USPS to do likewise. The House bill relieves the USPS of more than \$50 billion in worker retirement health costs at taxpayer expense, but it doesn't trim the excessive pay and benefits of its unionized workforce.

Chris Edwards is the director of tax policy studies at the Cato Institute and editor of www.DownsizingGovernment.org. He is a top expert on federal and state tax and budget issues.