



Post Office Can't Pay Its Bills, Congress Punts

U.S. postal workers say Congress is leaving agency out to dry.

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The United States Postal Service has been unable to hide its budget woes from the public, but on Wednesday when it publicly defaults on a \$5.5 billion payment, it will point its finger toward Capitol Hill.

In two days, the postal service won't be able to make a payment required by Congress to fund future healthcare benefits for its retirees. But, the American Postal Workers Union says that multi-billion dollar burden is one Congress saddled the agency with in 2006 when it passed the Postal Accountability Enhancement Act, which included the pre-pay statute.

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"Before Congress passed this, the postal service enjoyed a modest surplus," says Sally Davidow, the spokesperson for the American Postal Service Union. "This pre-payment program is the fundamental cause of this crisis, and it needs to be repealed."

While all other federal agencies pay retiree healthcare benefits as they go, Congress voted to require the postal service to put money aside in order to avoid a bailout later if the agency were to see declining revenues.

The post office won't be forced to close its doors or cut back on services after it fails to make its payment Wednesday, but budget analysts say the long-term consequences look dire.

"There won't be an immediate impact, but there is a crisis here," Davidow says. "The postal service could run out of money."

Ohio Democrat Rep. Dennis Kucinich, a strong ally of postal workers, argues the postal service default was manufactured to make the agency look incompetent, broke and in need of repair.

"I am concerned that Congress has helped to create this mess," Kucinich says. "It's easy to see what is happening here. This is an attempt to privatize the post office by hook or crook."

[\[House Leaders Wary of Farm, Postal Service Showdown.\]](#)

Because it was unable to pay for its retirement health benefits in 2011, the postal service lost \$5.1 billion last year and is expected to lose an additional \$14.1 billion this year.

By 2015, that number is projected to be a staggering \$18.2 billion if the agency doesn't undergo major changes.

In a February letter to Congress, Postmaster General Patrick Donahoe pleaded with legislators to let him to do away with Saturday delivery, slow down first-class mail and even raise the cost of a stamp five cents.

But Congress has its own opposing view of how to fix the ailing postal service.

The Senate passed a bill in April that infused \$11 million into the postal service and stopped many rural post offices from closing, cut the number of mail processing center closures in half, and required the postal service to wait two years before it considered cutting its Saturday delivery services.

"Whether or not it makes economic sense to have a small post office open, all a member of Congress is concerned about are potential job losses and constituent complaints," says Tad DeHaven, a budget analyst for the CATO Institute. "Congress can really step in and make life miserable."

On the House side, however, legislators took the opposite approach.

House Oversight Committee Chairman Darrell Issa authored the Postal Reform Act, which would dramatically restructure the way the post office does business.

The legislation, which has passed out of committee, would penalize the postal service for defaulting on its bills, allow the postal service to eliminate Saturday delivery within six months of the bill's passage, which is projected to save \$3 billion a year, and would ban the no-layoff clause from the postal service's collective bargaining agreement.

The bill would also open the postal service up to new revenue streams by eliminating special postal rates for political party mailers and allowing the post office to sell advertisements on its buildings and vehicles.

"This legislation encourages USPS to modernize its retail network and enables USPS to act more like a business," Issa said in a release.

The bill isn't scheduled to make it to the floor in time to save the post office from default Wednesday, but a Republican spokesman on the committee says there is enough support in the House to pass the legislation. [[See a Collection of Political Cartoons on the Republican Party.](#)]

"Chairman Issa has agreed to some modifications and continues to be willing to alter aspects of the legislation in order to strengthen the bill," the spokesman says. "This effort is intended to ensure that meaningful reforms not only win House approval, but are ultimately signed into law by the President."

But the post office's struggles could continue for months before anything is done.

"It's an election year, this is complex and it is not very sexy," DeHaven says. "Members of Congress are ignoring this because they are not permanently concerned about economics and finance, they are concerned about politics."